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MANAGEMENT PRACTICES OF THE UNITED STATES GOVERNMENT PRINTING OFFICE

HEARING

BEFORE THE

JOINT COMMITTEE ON PRINTING CONGRESS OF THE UNITED STATES

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

July 19, 1990

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MANAGEMENT PRACTICES OF THE UNITED STATES GOVERNMENT PRINTING OFFICE

THURSDAY, JULY 19, 1990

U.S. SENATE,
JOINT COMMITTEE ON PRINTING,
Washington, DC.

The Committee met, pursuant to notice, at 9:33 a.m., in room 301, Russell Senate Office Building, Hon. Wendell H. Ford (chairman), presiding.

Present: Senators Ford, Stevens, and Hatfield; Representatives Bates and Roberts.

The CHAIRMAN. Good morning, ladies and gentlemen. Welcome to the first in the century hearing of the Joint Committee on Printing. Two of our colleagues that are ranking have advised us—one is at an appropriations meeting, and the other one had a telephone in his car and he is tied up in traffic backed up by the tunnel. I don't know which one that is. It could be any of them. So they have advised that we proceed. They will be here shortly, and we will be able to allow them some opportunity.

But today the Joint Committee on Printing is holding an oversight hearing on the Government Printing Office, how well it has been managed over the past few years, and the impact the management of GPO has had on the cost and quality of GPO's products.

On June 13, 1989, I wrote the Comptroller General asking the General Accounting Office to perform the triennial financial audit required under Title 44. At the same time, I asked GAO to examine the question which I related in my opening remarks, to examine this question because, like other members of the Committee, I have heard complaints about GPO's high costs and heard the questions about the effectiveness and efficiency of the agency.

During this hearing, I hope no one will lose sight of something every Senator particularly sees when he walks into the Senate Chamber; that is, a copy of the *Congressional Record* of the previous day's session on each member's desk. That tells me there are a lot of hard-working, skilled craftsmen at the Government Printing Office who get an important job done. They have been doing it for years, during good times and bad times at the Government Printing Office. I think these craftsmen are the heart of the operation. They make the system work.

I should also point out that GPO is under new management. The Honorable Robert W. Houk of Ohio was sworn in as Public Printer on March the 8th. He succeeded Mr. Joe Jenifer, who was acting Public Printer for the previous year-and-a-half. I believe this tran-

sition period, as Mr. Houk gets his team and his plans together, is an appropriate time to look at the way GPO has been run.

Our first witness today is with the Government Accounting Office. J. William Gadsby headed up the GAO team. He is director of the Federal management issues.

Bill, if you would introduce your associates and proceed, I would appreciate it very much.

STATEMENT OF J. WILLIAM GADSBY, DIRECTOR, FEDERAL MANAGEMENT ISSUES, UNITED STATES GENERAL ACCOUNTING OFFICE, WASHINGTON, DC; ACCOMPANIED BY PATRICIA TAYLOR AND CHRIS ABRAHAM

Mr. GADSBY. Thank you, Mr. Chairman. I do have two of the key team members with me today. On my right is Patricia Taylor, who was very deeply involved in this study, and on my left is Chris Abraham, another key player.

Mr. Chairman and members of the Joint Committee, we are pleased to be here today to discuss our management review of the Government Printing Office. My statement will focus on two things: The need to define what the role of GPO should be in providing the printing services to the Government in the future; and certain operational problems at GPO that can be addressed in the short term. Correcting the operational problems should be done regardless of the outcome of any future role discussions.

GPO was created to lower the cost of congressional printing and opened for business on the day of Abraham Lincoln's inauguration in March of 1861. Gradually increasing in size, sophistication, and responsibility, GPO became the Government's printer in 1919. Legislation generally requires that all Federal Government printing and binding work be done by GPO.

An organization's environment shapes its operation. The environment of the private sector printing today is characterized by rapidly changing technology driven by computer and other equipment advances. But an important environmental factor at the Government Printing Office is the legal authority to control most Federal printing. This monopoly-like authority has insulated GPO from market forces and has manifested itself in high costs and limited responsiveness to customer needs.

The cost of doing work in the GPO plant has been generally double the cost of procuring it. Some of the factors contributing to the high production costs are operational in nature and can be addressed in the short term. One is the scheduling of weekend overtime.

For the last 3 fiscal years, GPO has scheduled a significant amount of work on weekends. The principal rationale given by GPO managers is the need to finish high priority congressional work coming in at the end of the week and due out the following Monday. However, our analysis of scheduling, production, and delivery data for 1989 showed that only about 17 percent of the congressional priority jobs were scheduled for Monday delivery, and about a third of them were received during the prior 4 days, suggesting the need for weekend work. Also, idle time existed during the regular Monday to Friday workweek.

To illustrate, GPO reported that in fiscal year 1989 its major machines were idle an average of 53 percent of the time they were scheduled to operate in the press and the bindery—that is, where documents are printed, bound, and packaged. Yet the press and the bindery worked 50 of 52 weekends in 1989. Weekend overtime charges in the press and bindery were about $5 million, or 10 percent of their personnel compensation. While there may be a need for some weekend overtime, our point here is that it also appears there are opportunities to reduce the extent of reliance upon it.

Another factor contributing to high production costs is paper waste and spoilage. During 1989, 28 percent of the total paper used by GPO was wasted or spoiled, costing GPO about $7 million. GPO's level of waste is at least twice the levels set by industry standards. While some waste and spoilage is due to bad paper and the need for press changes, GPO managers say it is also due to operator mistakes. In our opinion, lowering paper waste and spoilage should be a priority at GPO.

The CHAIRMAN. Can I ask you a question right there?

Mr. GADSBY. Certainly.

The CHAIRMAN. You said that it was bad paper. Now, if we contract for paper and it is bad paper, do we get a refund?

Mr. GADSBY. I would assume that the GPO would get a refund if it is bad paper at the outset.

The CHAIRMAN. Okay. But how much of the bad paper is in that 28 percent?

Mr. GADSBY. Our understanding is this would be paper that was good at the start, and this would represent waste and spoilage as a function of the production operation rather than something that was spoiled because it was left out in the rain or something like that.

The CHAIRMAN. Okay. Thank you. It just was something that kind of hit me head on. If we are getting bad paper and it becomes part of our waste, then we are not doing a very good job of scrutinizing the contracts that we have.

Thank you very much. I apologize for interrupting, but this was something that jumped out at me. I am very serious about what I am doing.

Mr. GADSBY. No problem.

Equipment age also affects production efficiency. Our analysis of 85 pieces of critical GPO production equipment showed that 47 of those pieces were at least 15 years old and 7 were over 30 years old. To date, the Joint Committee and Congress have been cautious in approving major equipment acquisitions because GPO's future direction has not been clear.

Because of the absence of competitive forces, GPO needs strong internal systems to promote efficiency and quality, but current systems are weak. Efficiency goals, often based on GPO's own historical experience, are generally not being met and were in some cases lower than private standards. Also, there is no system to proactively identify and implement quality improvements. GPO instead relies on post-production inspections to identify printing and binding errors.

GPO's procurement operation is faced with a number of management problems that affect its ability to serve its customers. GPO

allows too many poor performing contractors to continue to win contracts. For example, six contractors who were responsible for 1,753 orders from July to September in 1989 delivered late on 488 or 28 percent of them. Nevertheless, GPO awarded additional jobs to five of the six during the next six-month period. Only 3 out of 23 agency representatives that we surveyed were more than moderately satisfied that GPO was effectively sanctioning poor performing contractors.

GPO, in fact, faces significant hurdles in trying to identify and avoid using poor performing contractors because it does not validate critical data showing whether contractors have delivered work on time, and important quality of performance information necessary to operate a sound contracting system is not readily available. Even when such information is available, no guidance exists on how best to use it in the contracting process.

To be successful in a competitive environment, an organization must respond effectively to customer needs. GPO's environment seems to provide few incentives for such responsiveness. For example, many of the major agency and congressional customers that we contacted cited problems with the extent of information GPO puts on their bills and provides on the status of their jobs. Customers also expressed a concern about how GPO resolved their complaints concerning the quality and timeliness of work. Currently, GPO does not know the extent of the customer dissatisfaction because the records used to count complaints include only about half of the 2,700 we were able to identify for the year 1989. In our opinion, better efforts are needed by GPO to regularly solicit customer feedback on performance.

In GPO's environment, managerial accountability is also important because there are no market forces promoting efficiency. Yet our analysis of the performance plans for several top managers found that only a few contained elements that could be used to measure performance. For example, only one of seven managers with responsibilities for production or procurement operations had a performance plan element linked to those responsibilities. Also, the plan for only one of eight managers who had dealings with customers included some aspect of customer service as a performance element. In addition, a potentially valuable management tool—GPO's Executive Information System—lacked useful information, and the response time on that system was slow.

Taken together, the changing technology, operational inefficiencies at GPO, the aging plant and equipment as well as the challenges that are seen to its control over Government printing suggests to us that GPO is at an important crossroads, and that now may be a good time to address its future role. An important step has already been taken by the new Public Printer—that is, the articulation of three preliminary goals. Those goals are to maintain and improve client satisfaction; modernize GPO operations; and determine GPO's future role. In our opinion, the basic step that is needed next is for the Joint Committee to take the lead in bringing together the Public Printer, relevant congressional committees, executive branch agencies, and the GPO unions to address fundamental issues related to GPO's future. Critical questions that need to be addressed include the following:

Should GPO's control over printing be maintained?

Should GPO become primarily a contracting operation?

Should GPO charge competitive prices to customers?

What are the implications of new technology on GPO, and on its customers?

Answering these and other questions will help determine what lines of business GPO should pursue in the future.

Once the strategic decisions about GPO's future role have been made, GPO will need to be organized, staffed, and equipped to carry out that role. GPO's strategic planning process could be used as a forum to assess the future role as well as identify strategies to implement it.

Mr. Chairman, that concludes my prepared statement. My colleagues and I would be more than happy to answer any questions that you and other members of the Joint Committee may have.

[*The prepared statement of Mr. Gadsby follows:*]

STATEMENT OF J. WILLIAM GADSBY, DIRECTOR, FEDERAL MANAGEMENT ISSUES GENERAL GOVERNMENT DIVISION, BEFORE THE JOINT COMMITTEE ON PRINTING

Mr. Chairman and Members of the Joint Committee:

We are pleased to be here today to discuss our management review of the Government Printing Office. My statement will focus on (1) the need to define what the role of GPO should be in providing printing services to the government in the future and (2) certain operational problems at GPO that can be addressed in the short term. Correcting the operational problems should be done regardless of the outcome of any future role discussions.

GPO was created to lower the cost of congressional printing, and opened for business on the day of Abraham Lincoln's inauguration in March 1861. Gradually increasing in size, sophistication, and responsibility, GPO became the government's printer in 1919. Legislation generally requires that all federal government printing and binding work be done by GPO.

An organization's environment shapes its operation. The environment of private sector printing today is characterized by rapidly changing technology driven by computer and other equipment advances. But, a powerful environmental factor at GPO is the legal authority to control most federal printing. This monopoly-like authority has insulated GPO from market forces, and has manifested itself in high costs and limited responsiveness to customer needs.

IN-HOUSE PRODUCTION COSTLY

The cost of doing work in the GPO plant has been generally double the cost of procuring it. Some of the factors contributing to the high production costs are operational in nature and can be addressed in the short term. One is the scheduling of weekend overtime.

For the last 3 fiscal years, GPO has scheduled a significant amount of work on weekends. The principal rationale given by GPO managers is the need to finish high priority Congressional work coming in at the end of the week and due out the following Monday. However, our analysis of scheduling, production, and delivery data for 1989, showed that only about 17 percent of congressional priority jobs were scheduled for Monday delivery and about a third of them were received during the prior four days suggesting the need for weekend work. Also, idle time existed during the regular Monday to Friday workweek.

To illustrate, GPO reported that in fiscal year 1989 its major machines were idle an average of 53 percent of the time they were scheduled to operate in press and bindery—where documents are printed, bound, and packaged. Yet, the press and the bindery worked 50 of 52 weekends in 1989. Weekend overtime charges in the press and bindery were about $5 million, 10 percent of their personnel compensation. While there may be a need for some overtime work, it also appears there are opportunities to reduce the reliance on it.

Another factor contributing to high production costs is paper waste and spoilage. During 1989, 28 percent of the total paper used by GPO was wasted or spoiled, costing GPO about $7 million. GPO's level of waste is at least twice the levels set by

industry standards. While some waste and spoilage is due to bad paper and the need for press changes, GPO managers say it is also due to operator mistakes. Lowering paper waste should be a priority for GPO.

Equipment age also affects production efficiency. Our analysis of 85 pieces of critical GPO production equipment showed that 47 pieces were at least 15 years old and 7 pieces were over 30 years old. To date, the Joint Committee and Congress has been cautious in approving major equipment acquisitions because GPO's future direction has not been clear.

Because of the absence of competitive forces, GPO needs strong internal systems to promote efficiency and quality, but current systems are weak. Efficiency goals, often based on GPO's own historical experience, are generally not being met, and were in some cases lower than private standards. Also, there is no system to proactive identify and implement quality improvements, relying instead on post-production inspections to identify printing and binding errors.

BETTER INFORMATION NEEDED FOR PROCURED PRINTING PROCESS

GPO's procurement operation is faced with a number of management problems that affect its ability to serve its customers. GPO allows too many poor performing contractors to continue to win contracts. For example, 6 contractors who were responsible for 1,753 orders from July to September 1989 delivered late on 488 or 28 percent of them. Nevertheless, GPO awarded additional jobs to 5 of the 6 in the next six months. Only 3 out of 23 agency representatives that we surveyed were more than moderately satisfied that GPO was effectively sanctioning poor performing contractors.

GPO faces significant hurdles in trying to identify and avoid using poor performing contractors because (1) it does not validate critical data showing whether contractors delivered work on time and (2) important quality of performance information necessary to operate a sound contracting system is not readily available. Even when such information is available, no guidance exists on how to best use it.

CUSTOMER SERVICE COULD BE MORE RESPONSIVE TO CUSTOMERS

To be successful in a competitive environment, an organization must respond effectively to customer needs. GPO's environment seems to provide few incentives for such responsiveness. For example, many of the major agency and congressional customers that we contacted cited problems with the extent of information GPO puts on their bills, and provides on the status of their jobs. Customers also expressed concern about how GPO resolved their complaints concerning the quality and timeliness of their work. Currently, GPO does not know the extent of the customer dissatisfaction because the records used to count complaints included only about half of the 2,700 complaints we were able to identify for 1989. Better efforts are needed by GPO to regularly solicit customer feedback on its performance.

MORE EFFECTIVE ACCOUNTABILITY STRATEGIES NEEDED

In GPO's environment, managerial countability is also important because there are no market forces promoting efficiency. Yet, our analysis of the performance plans for several top managers found that only a few contained elements that could be used to measure performance. For example, only 1 of 7 managers with responsibilities for production or procurement operations had a performance plan element linked to those responsibilities.

Also, the plan for only 1 of 8 managers who had dealings with customers included some aspect of customer service as a performance element. In addition, a potentially valuable management tool—GPO's Executive Information System lacked useful information and response time was slow.

DEFINE GPO'S FUTURE ROLE

Taken together, changing technology, operational inefficiencies, aging plant and equipment as well as challenges to its control over government printing suggest that now may be a good time to address the future role of GPO. An important step has been taken by the new Public Printer—the articulation of three preliminary goals. They are to (1) maintain and improve client satisfaction; (2) modernize GPO operations; and (3) determine GPO's future role. The basic step needed next is for the Joint Committee to take the lead in bringing together the Public Printer, relevant congressional committees and executive branch agencies, and the GPO unions to address fundamental issues related to GPO's future. Critical questions to be addressed include:

— Should GPO's control over printing be maintained?
— Should GPO become primarily a contracting operation?
— Should GPO charge competitive prices to customers?
— What are the implications of new technology on GPO, and on its customers?

Answering these and other questions will help determine what lines of business GPO should pursue in the future.

Once the strategic decisions about GPO's future role have been made, GPO will need to be organized, staffed, and equipped to carry out that role. GPO's strategic planning process could be used as a forum to assess the future role as well as identify strategies to implement it.

Mr. Chairman, that concludes my prepared statement, I would be pleased to answer any questions you and other members of the Joint Committee may have.

The CHAIRMAN. Thank you very much, Mr. Gadsby.

We have now been joined by several members of the Committee, and if there are any opening statements that they would like to make, I would be more than pleased to entertain them at this time. Senator Stevens?

Senator STEVENS. I would be pleased to have my statement printed in the record.

The CHAIRMAN. Without objection, your statement will be included in the record as if given.

[*The prepared statement of Senator Stevens follows:*]

OPENING REMARKS BY SENATOR TED STEVENS

I am pleased Chairman Ford called this hearing to review an important new report by the General Accounting Office on operations at the Government Printing Office. This report comes in the wake of Chairman Ford's order last October to the staff of the Joint Committee on Printing to review problems at the printing office.

As the Chairman knows during the Rules Committee hearing on the Senate Committee Budget requests, I traditionally ask each committee chairman and ranking member what actions they are taking, or plan to take, to control their committee printing costs.

These hearings are an extension of our ongoing efforts to reduce the total printing costs of the Congress and the burden on the taxpayer.

I look forward to hearing more about the details of this report from the General Accounting Office this morning. I also look forward to hearing from our new public printer, Bob Houk, who has inherited these problems and how he intends to address them.

The CHAIRMAN. Congressman Bates?

Representative BATES. Mr. Chairman, I have no comments, but I would request that my statement be included in the record.

The CHAIRMAN. Without objection, so ordered.

[*The prepared statement of Mr. Bates follows:*]

STATEMENT FROM THE HONORABLE JIM BATES, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA, MEMBER OF THE JOINT COMMITTEE ON PRINTING

IMPROVING GOVERNMENT PUBLICATIONS BY IMPROVING GPO

Mr. Speaker, 200 years ago, long before freedom of information and open government laws were legislated, Congress began laying the groundwork for informing the citizenry through government publications. At the outset of constitutional governance, statutory provision was made in 1789 for the printing and distribution of both the laws and treaties of the United States. In 1813, the groundwork for the current depository library system was laid. The routine printing of all congressional reports, special documents, and bills was legislated in 1846. While these responsibilities were met for many years through the use of contract printers, Congress established the Government Printing Office in 1860 to produce all of its literature and to serve, as well, the printing needs of the Executive Branch. Additional aspects of government-wide printing and publication were set with the Printing Act of 1895, which is the source of much of the basic policy still found in the printing chapters of Title 44 of the U.S. Code.

During the past 90 years, Congress has continued to upgrade, supplement, and refine the public printing portions of Title 44. With the 1926 edition of the U.S. Code, there were nine chapters devoted to printing and documents in Title 44. By 1968, the year when the Title was last codified, the number of chapters had more than doubled.

When I became chairman of the Subcommittee on Procurement and Printing last year, I discovered that the printing chapters of Title 44 had not received comprehensive oversight in a decade. In May and June of 1989, my Subcommittee began an incremental process of evaluation by holding four days of hearings examining the administration and adequacy of four selected printing chapters and the future of GPO in the information age of new technologies. Those proceedings, a reform bill—H.R. 3849, the Government Printing Office Improvement Act—developed as a result of them, and subsequent legislative hearings benefited from a recent report by the Office of Technology Assessment. A comprehensive three- to five-year evaluation of Federal information dissemination in the electronic era, *Informing the Nation* offered an important conclusion: "congressional action is urgently needed to resolve Federal information dissemination issues and to set the direction of Federal activities for years to come."

The Subcommittee on Procurement and Printing responded to that challenge and has been actively seeking to resolve the relevant issues and set the direction called for by the OTA study. Our efforts, both oversight and legislative, continue.

Today, Mr. Speaker, I bring another important report, pertinent to the current work of my Subcommittee, to the attention of my colleagues. It is a report by the U.S. General Accounting Office on the role of GPO—*Government Printing Office: Monopoly Status Contributes to Inefficiency and Ineffectiveness.* Noting, as I did in my remarks, that GPO was long ago given a monopoly role in providing government printing services to assure efficiency, GAO finds that "with the passage of time that role has been transformed to perpetuate inefficiency because centralized control permits GPO to ignore market forces." While current law requires GPO to charge actual costs to its customers, GAO estimates, on the basis of limited comparisons, "that GPO's $150 million of Central Office printing in fiscal year 1989 might have been procured from commercial printers for as little as $75 million."

Because of its monopoly role, comments the GAO report, "GPO has not had the need to develop clearly stated goals and objectives that focus on providing quality services at competitive prices." Consequently, GPO operating conditions leave much to be desired. Those conditions, as described in the GAO report, include "(1) in-house production that is costly, sometimes wasteful, relies on outdated equipment, and does not focus sufficiently on efficiency or quality; (2) a procurement system where accurate information for contractor selection decisions is not readily available, and, poorly performing contractors continue to serve agency customers; (3) customer service efforts hampered by poor communication with customers and poor systems for tracking and resolving customer complaints; and (4) weak accountability through GPO's performance management system and poor executive information." Acknowledging that "these operational problems are serious," the report concludes, nonetheless, that "*they can be corrected within the existing legislative authority governing GPO's operation*" (emphasis added). This is an important consideration and a major challenge for those of us serving on the Joint Committee on Printing.

However, there is also a greater challenge here, one which the GAO report clearly foresees and one which will require some cooperative efforts and perhaps legislation, to address. The report notes, quite correctly, that "Congress has been cautious in approving major plant and equipment acquisitions because GPO's future direction has not been clear." Since the spring of last year, my Subcommittee has been attempting to make that future clearer, and we will continue our review in this regard.

Further, echoing OTA's *Informing the Nation* report in microcosm, the GAO evaluation concludes:

"Critical issues need to be addressed with the participation of the Public Printer and external players, such as Congress, the executive branch agencies, and the GPO unions. The basic issue is what role GPO should play in providing quality printing services to congressional and agency customers at a reasonable price. A secondary issue is how to properly organize, staff and equip GPO to implement this role. To provide a framework for addressing future role issues, GPO needs to revitalize its strategic planning process."

Hopefully, in the months ahead, the Joint Committee on Printing can serve as the forum for addressing these matters, for bring the necessary actors together to discuss and act upon these issues, and to decide the actions—administrative and legislative—to effect the proper reforms. As a member of the Joint Committee, as the

chairman of the Subcommittee on Procurement and Printing, and as a Member of this Congress committed to efficiency and economy in government as well as effective production and dissemination of government information, I am eager to meet my responsibilities for improving government publications by improving GPO.

INTRODUCTION OF GAO LETTER REPORT INTO HEARING RECORD

Mr. Chairman, early this year, after auditing the Government Printing Office's fiscal year 1989 financial statements, the General Accounting Office sent a letter to Acting Public Printer Joseph E. Jenifer concerning certain conditions within GPO and offering suggestions, in the words of the letter, "to assist GPO management in strengthening internal controls and improving cash management practices." A major finding resulting from the GAO review was that undeposited collections of cash receipts reported by GPO to Treasury were understated by almost $1 million.

In addition, GAO found that unreconciled cash differences between GPO and Treasury were occurring and being charged to suspense accounts maintained at Treasury. According to the GAO letter, "such differences occurred primarily because of record keeping errors."

Furthermore, the GAO review revealed some other disturbing conditions:

—that cash reconciliations are not always performed by GPO personnel;

—that in Superintendent of Documents deposit activity, a complete reconciliation of Treasury Financial Service statements of differences has not been performed by General Accounting Branch personnel for 10 years;

—that, while a reconciliation is currently performed for GPO Printing and Binding deposit activity, differences identified during the reconciliation are not always cleared within six months;

—that, for GPO's disbursing activities, cash reconciliations were often not performed prior to August, 1989; and

—that, in addition, for its disbursing activities, GPO personnel could not always provide documentation to support reconciliations, so GAO auditors had to obtain pertinent reports directly from Treasury. "Treasury charges all unreconciled disbursing differences against GPO's disbursing suspense account after they remain unreconciled 6 months," said the GAO letter.

The GAO letter concluded by recommending (1) "that GPO should establish written procedures for the cash reconciliation process and should maintain all necessary documentation to support these reconciliations," and, in addition, (2) "that GPO management should ensure that cash reconciliations are performed monthly and that all differences are investigated as part of the monthly reconciliation process." The letter indicated that such differences "should be cleared as soon as possible, preferably before being charged to the suspense accounts. Once charged to a suspense account," said the letter, "they should be cleared by the end of the fiscal year, as required by Treasury." Mr. Chairman, I offer the full text of this GAO letter for the hearing record. Furthermore, because I am unaware of any response by GPO to this letter, I want to pose some questions about it for our GPO witnesses today and I request that the Public Printer, within the next few weeks, make a full response to the GAO letter, with a copy of that response provided to this committee.

QUESTIONS

1. Let's begin with this $1 million resulting from undeposited collections. Have these funds been stolen or lost, or is this an accounting problem?

2. What is the basic source of this problem—insufficient personnel, inadequate management, or general laxity?

3. Have any disciplinary actions been taken concerning these failures to deposit collected funds? (If not, why not?)

4. How do you generally explain these various other management failures mentioned in the GAO letter—the 10-year failure of the General Accounting Branch to reconcile Treasury-SupDocs deposits or the failure of GPO to have adequate documentation on cash reconciliations?

5. Why doesn't and when will GPO have written procedures on the cash reconciliation process?

[*Answers submitted by GAO are on page 56.*]

January 15, 1990

The Honorable Joseph E. Jenifer
Acting Public Printer
Government Printing Office

Dear Mr. Jenifer:

While auditing the Government Printing Office's (GPO) fiscal year 1989 financial statements, we were requested by the Joint Committee on Printing to review two areas concerning GPO's cash management practices: (1) undeposited collections, as reported by GPO on its "Statement of Accountability" (Standard Form 1219), and (2) unreconciled cash differences that occur between GPO and Treasury and which have been charged to suspense accounts. The focus of our review was to determine whether these undeposited collections were accurately reported and why cash differences were remaining unreconciled and thus being charged to suspense accounts.

During our review, we observed several conditions which we would like to bring to your attention. These conditions and our suggestions for improvement are presented to assist GPO management in strengthening internal controls and improving cash management practices.

We found that (1) undeposited collections reported by GPO to Treasury were understated by almost $1 million at October 31, 1989, because GPO is not reporting all undeposited collections on-hand, in accordance with *Treasury Financial Manual* (TFM) guidelines, and (2) unreconciled cash differences that were being charged to suspense accounts were occurring because of record keeping errors. Written guidelines or procedures did not exist for the preparation of important cash reconciliations, and the reconciliations were not always performed.

GPO should include the following in its computation of undeposited collections: (1) collections received and prepared for deposit, (2) collections on-hand and currently in process, and (3) unprocessed collections. Cash reconciliations should be performed monthly, in accordance with written guidelines or procedures for preparing them.

Undeposited Collections Understated

Our review disclosed that undeposited collections reported by GPO were understated by nearly $1 million. According to I TFM 2-3100 app. I, federal agencies should report as undeposited collections "cash collections on hand at tne close of the accounting period which are for deposit to the credit of the U.S. Treasury."

As illustrated in the following table, we found that GPO reported $2,103,826 as undeposited collections at October 31, 1989, which represented collections received and prepared for next-day deposit at Printing and Binding, Receipts and Processing (R&P, Superintendent of Documents, Central Office), and the Pueblo Documents Distribution Center. However, GPO did not include the following in its computation of undeposited collections: (1) collections received and prepared for deposit at GPO's bookstores but not yet deposited, (2) collections on-hand and currently in process in R&P and at Pueblo, and (3) collections received and unprocessed (unopened mail) at both R&P and Pueblo.

Table 1.—Undeposited Collections at GPO, October 31, 1989

Source of Receipt	Reported by GPO	Not Reported by GPO
Collections ready for next-day deposit:		
Printing and Binding	$1,915,382	
R&P	179,119	
Pueblo	9,325	
Bookstores		$41,345
Collections in process:		
R&P		157,883
Unopened mail:		
R&P		694,478
Collections in process and unopened mail:		
Pueblo		[1] 30,000
Total	2,103,826	923,706
Total undeposited collections which should have been reported	$3,027,532	

[1] This is a GAO estimate of the amount of collections in process and unopened mail at Pueblo, since we did not visit Pueblo.

R&P currently has seven mail analysts who open and begin processing the large quantities of mail received daily. Although the volume of mail varies daily, R&P had approximately 15,000 pieces of unopened mail on hand on October 31, 1989. We conducted cash counts of this unopened mail as well as of the collections being processed that day. The handling of unopened mail is subject to reasonable control procedures. R&P logs it in and locks it in a safe when it is not being processed.

Although GPO has already established lockboxes for IRS practitioner forms, medical publications, and subscription renewals by working with Treasury, GPO may need to establish additional lockboxes to alleviate the large volume of mail to be processed daily. With lockboxes, mail goes directly to a bank which deposits the cash and sends the book orders on to GPO for filling, thus eliminating much of the work currently done in processing mail orders. Otherwise, GPO may need to employ additional staff to complete this task. We understand that GPO is working with Treasury to establish additional lockboxes for its mail order receipts, as recommended in the October 1988 GPO Office of Inspector General Report, "Cash Management Practices in the Receipts and Processing Branch Need Improvement" (89-03). We concur with and support the use of lockboxes.

GPO officials at the Pueblo Documents Distribution Center told us they had approximately a 3- to 4-day lag in opening and processing their mail-order receipts. These officials also informed us that these receipts average approximately $10,000 to $12,000 a day, thus accounting for $30,000 to $48,000 of undeposited collections which GPO did not report. Our review also disclosed that Pueblo had recently been as far as 11 days behind in processing its mail-order receipts but had closed the gap to 4 days by using temporary help. We were told the backlog of unprocessed mail orders was due to staff shortages. We believe the Pueblo Documents Distribution Center needs to be adequately staffed to ensure accurate and complete daily processing of receipts.

Based on our review, and according to the requirements of the TFM, we found that GPO has understated undeposited collections on its monthly "Statement of Accountability." An accounting technician in the General Accounting Branch certifies this report for GPO each month. We believe that to comply with the TFM, GPO should expand its definition of "undeposited collections" to include collections received and prepared for deposit, collections on-hand and currently in process, and unprocessed collections.

CASH ACCOUNT NOT RECONCILED

We found that unreconciled cash differences between GPO and Treasury were occurring and being charged to suspense accounts maintained at Treasury. Our review showed that such differences occurred primarily because of record keeping errors. In addition, we found that did not maintain written procedures for preparing cash reconciliations and that the reconciliations were not always performed by GPO personnel.

Good accounting procedures call for a routine monthly reconciliation of cash. These reconciliations should be conducted accurately and in accordance with formal written procedures, and documentation to support such reconciliations should be maintained and readily available. I TFM 2-3100 app. I, states "every effort should be made to clear . . . [unidentified transactions] in the next period of account . . ." and I TFM 2-3350.20, states that "all amounts transferred to . . . [suspense accounts] must be cleared by the end of the current fiscal year."

Such reconciliations are an essential internal accounting control which is intended to ensure that funds are safeguarded against misappropriation and that cash is efficiently managed.

Our work disclosed that cash reconciliations are not always performed by GPO personnel. Reconciliations need to be performed in four areas: deposit activities in the Superintendent of Documents and in the Printing and Binding areas, and disbursing activities in both areas. In the Superintendent of Documents deposit activity, a complete reconciliation of Treasury Financial Service (TFS) Form 6652, "Statement of Differences" has not been performed by General Accounting Branch personnel for 10 years. While we found that a reconciliation is currently performed for the Printing and Binding deposit activity, differences identified during the reconciliation are not always cleared within 6 months. Such unreconciled deposit differences are then charged by Treasury against the deposit suspense account after remaining unreconciled for 6 months.

For GPO's disbursing activities, we found that cash reconciliations were often not performed prior to August 1989. In addition, GPO personnel could not always provide documentation to support these reconciliations. For example, GPO personnel

could not provide us with copies of the TFS 6652, "Statement of Differences" for the Superintendent of Documents disbursing activities, Simplified Intergovernmental Billing and Collection (SIBAC) transactions when we requested these documents. In order to perform a cash reconciliation, we had to request these reports directly from Treasury. Treasury charges all unreconciled disbursing differences against GPO's disbursing suspense account after they remain unreconciled 6 months.

Our review of the suspense accounts revealed that unreconciled differences between GPO and Treasury cash accounts primarily resulted from record keeping errors at Treasury and GPO. For example, an unreconciled difference of $1,121,217 occurring in December 1988 and charged to the deposit suspense account in June 1989 resulted from a bank debit voucher being erroneously charged to GPO instead of the Library of Congress through the use of an incorrect agency location code by Treasury. Another example of a $40,000 difference occurred because a deposit ticket for $533,237 was confirmed as $573,237.

At the time we started our audit, GPO written guidelines or procedures did not exist for the preparation of the cash reconciliations. However, during the past month, GPO has taken steps to correct this deficiency by sending personnel to attend Treasury classes on preparing the agency forms and clearing the suspense accounts. We believe that GPO should establish written procedures for the cash reconciliation process and should maintain all necessary documentation to support these reconciliations. We also believe that GPO management should ensure that cash reconciliations are performed monthly and that all differences are investigated as part of the monthly reconciliation process. Differences should be cleared as soon as possible, preferably before being charged to the suspense accounts. Once charged to a suspense account, they should be cleared by the end of the fiscal year, as required by Treasury.

We discussed the matters addressed in this letter with GPO and Committee staff during the course of our audit work. We are sending a copy of this letter to the Joint Committee on Printing. If you have any questions or concerns, you may contact me or Rosemary Jellish, Assistant Director, at 275-9406.

Sincerely yours,

DENNIS J. DUQUETTE,
Director, Agency Financial Audits.

The CHAIRMAN. Senator Hatfield, do you have any statement this morning?

Senator HATFIELD. Mr. Chairman, I would only submit it for the record.

The CHAIRMAN. Without objection, then, the statement will be included in the record.

[*The prepared statement of Senator Hatfield follows:*]

STATEMENT OF SENATOR MARK O. HATFIELD

Mr. Chairman:

It is a pleasure to join you and other members of the Joint Committee on Printing today to receive a report on the review of GPO operations undertaken by the General Accounting Office. I will not take time away from the witnesses today with a long opening statement, but merely want to thank the Chairman for initiating this study by the GAO.

Having served on the Joint Committee on Printing for several years, I have been aware of the concerns about the GPO's operations that exist in various quarters within the federal government. The Government Printing Office is facing a revolution in technology and in the availability of alternative printing methods. It is a revolution pushing the institution with irresistible force toward more efficient production methods. Yet the GPO retains its original mandate, to produce the printed material needed by the Congress on short notice and at any time of day.

These demands frequently are in conflict. Yet I hope that we can find ways in which these demands can work in concert and I look forward to both the testimony of the GAO and the Public Printer, Robert Houk.

The CHAIRMAN. We have now an opportunity to quiz Mr. Gadsby.

Am I correct in my understanding that you have only prepared a draft report on your inspection of the Government Printing Office as such?

Mr. GADSBY. That is correct. In fact, the draft report that we have given to the Committee and also supplied to the Public Printer is really an advanced copy of our draft. We intend next week to send a formal copy to the Public Printer, giving the Public Printer and his staff a 30-day comment period to respond to that report officially.

The CHAIRMAN. As I understand it, however, your statement this morning that you made came basically, as I read it, from that draft proposal?

Mr. GADSBY. That is exactly right.

The CHAIRMAN. So then I should gather, as chairman of the Joint Committee on Printing, that your statement this morning, lifted from the draft report, basically is a position that you believe is correct.

Mr. GADSBY. That is correct.

The CHAIRMAN. You stated that GPO worked 50 of 52 weekends with overtime. Is that correct?

Mr. GADSBY. Yes, I did.

The CHAIRMAN. And that was at a cost of some $5 million?

Mr. GADSBY. That is correct.

The CHAIRMAN. What percentage of that weekend work was received at least 4 days prior to the weekend?

Mr. GADSBY. It is approximately 7 percent.

The CHAIRMAN. Seven percent of the work that is done. So that leaves 93 percent of the work done on weekends was received closer to Friday?

Mr. GADSBY. The 7 percent would have been received in the four-day period preceding a Monday delivery date, which would have been Thursday, Friday, Saturday, or Sunday.

The CHAIRMAN. Now, in your paper waste that you cited that has cost GPO about—$7 million I believe you said.

Mr. GADSBY. Seven million was the figure for 1989, the total annual period.

The CHAIRMAN. Let's look at that 1989 then. Without bad paper, which you excluded in my earlier questions, you said that included bad paper and corrections and waste and that sort of thing. The paper waste was basically all good paper, but it was somewhere within the organization and printing within the agency itself.

Mr. GADSBY. That is my understanding, the waste and spoilage was a function of the operation as opposed to any bad paper that would have been received from a contractor and then perhaps subsequently returned.

The CHAIRMAN. You list failures, Mr. Gadsby, of internal control in your draft report. You list information systems and strategy planning failure. Do you think these are new problems at GPO or they have existed for some time?

Mr. GADSBY. I think they have existed for some time. I certainly didn't get the impression, or we didn't, that they were new. If you run down some of them, for example, let's take strategic planning. We mention in the report that attempts at putting together a good planning system in GPO have been ongoing since the 1970's with attempts into the 1980's; and while they have put together plans, those plans have never become the foundation for decision-making in the organization.

The waste and spoilage which you just mentioned, GPO has had over time a number of what they call wars on waste going back into the early 1980's. So that certainly wouldn't be new.

The production cost problems that we refer to in the testimony have been the subject of studies by other organizations—the Office of Technology Assessment in 1988, the National Academy of Public Administration in 1983—so they certainly are not new.

The CHAIRMAN. In those recommendations in 1983 and 1988, were there recommendations from those two studies?

Mr. GADSBY. The study that was done by OTA in 1988 on production cost, nothing happened as a result of that study.

The CHAIRMAN. Either one of them.

Mr. GADSBY. Either one of them, that I am aware of. But I don't recall the specific recommendations that were in that.

The CHAIRMAN. We will look at those.

Do you think GPO management has been aware of the problems you have identified?

Mr. GADSBY. Oh, I think they have been aware of some of them perhaps more than others. If you take the ones that we were just talking about, waste and spoilage, they have had wars on waste. So they have certainly been aware of those.

In terms of overtime, management generally approves overtime. So I am certain they have been aware of overtime as a condition. I don't know if it has been labeled as a problem or excessive.

Some of the other areas, the one that I mentioned in my statement dealing with customer complaints, they are certainly aware of some complaints because they record some of them. But I think as we were trying to point out, they are not aware of the full extent of that because they weren't recording all of those complaints. And we found basically in doing our work, about double the number when you started going to the different departments and so forth.

So I think the answer to your question is mixed. I think they have been aware of some and perhaps not of others.

The CHAIRMAN. Did you give any study or have any part of your draft report relate to the other agencies that have basically their own little printing houses?

Mr. GADSBY. No, we did not look at the printing operations of any other agencies. We just looked at GPO.

The CHAIRMAN. We have not in my term approved any of the operations, or new operations for printing in other agencies. But over the years the Committee has approved facilities for other entities of the Federal Government. Has that eroded the ability of the GPO to be busy, to have other printing? The printing presses were down, what, 53 percent of the time or were idle 53 percent of the time in 1989?

Mr. GADSBY. That is correct. Looking at the number of exceptions that the Joint Committee has given or waivers to set up printing plants, in relation to the total volume of Government printing, it would probably represent a small amount, and I think those are predominantly for small jobs rather than big jobs. I don't think that is an enormous factor when you look at the total extent of Government printing. I think most of the work has to come through the GPO.

The CHAIRMAN. Mr. Gadsby, we have had an acting head of the agency for the past year-and-a-half, or up until March the 8th of this year. Do you think these problems were aggravated while we waited for an appointment of a new Public Printer?

Mr. GADSBY. Again, I think the problem has been long-standing. The fact that we had an acting Public Printer for a year certainly didn't cause the problem.

If there was a legitimate argument that could be made, it is that it probably delayed the implementation of any corrective actions for those problems. The reason I say that is I think we have found in other management studies that we have done of other agencies, that when you have a person in an acting capacity for an extended period of time or a number of them, then it is hard for them to gain the support of the agency people to move ahead because they are waiting basically for the new full time leader. Also, sometimes it is hard for that person to gain the political support of the administration and perhaps the Congress because they are not really in there full time and so forth. So, it may have delayed the start of some corrective actions.

I think the key thing at this point is we do have a new Public Printer, and the Public Printer is committed to fixing some of these problems. And, I hope he gets the support he needs to do that.

The CHAIRMAN. Since we have looked at the down side, what positive things can you tell me about GPO?

Mr. GADSBY. Well, I took note of that in your opening statement. Perhaps audit has focused too much on the negative. A few things on the positive side. Again, GPO was created to serve the Congress, and our sense from the work that we have done is that GPO does that. It is very responsive to the needs of Congress, and I think you outlined that in your opening statement.

The other thing is, a big part of GPO—six-sevenths of its operation—is a procurement operation. The attitudes of the people that procure work for the executive agencies is that GPO does a fairly good job, and it gets procured work at fairly good prices. So I think the procurement activity, notwithstanding the fact that there are some operational problems, would be a positive.

I think also, as you referred to, there are a number of highly skilled craftsmen who do high quality work at the GPO, and that certainly can't be overlooked. I would end by suggesting that what GPO has that I think is very valuable at this crossroads is new leadership in a position to not only emphasize the good things at GPO, but also respond to some of the problems and the challenges that organization faces for the future.

The CHAIRMAN. The past decade has seen a major reduction, as I view it, in GPO's craft workforce. Do you think an equivalent reduction has been made in management support and other overhead areas?

Mr. GADSBY. We have taken a look at some of that information. Obviously, we have looked at the overall data for the past 10 years, showing GPO's total employment going down from a little over 7,000 to about 5,000 employees today. We have also looked at the very split that you suggest between the craft blue-collar and the management people. That shows that the blue-collar workers are

bearing the brunt of the reductions while the management level has stayed relatively even over the past 4 years. So the predominant reductions seem to be in the blue-collar area, craft area.

The CHAIRMAN. I don't want to hold the time here, but I have one last question. You identified shortcomings in GPO's production and procurement information systems. Is this a unique situation, or are there solutions readily available in the commercial marketplace?

Mr. GADSBY. I don't think it is a unique situation. The basic situation we found is lack of an effort to validate certain data related to shipping, or information on quality of performance not being readily available.

My sense is the thrust of the problem is not getting a new automated system as much as it is getting the data that is needed into the system and making it available for people that have to make decisions on what contractors to hire.

The CHAIRMAN. Before I go further, we have been joined by another distinguished member of this Committee, Congressman Roberts. Do you have any opening statement that you would like to make? We have been putting them in the record this morning.

Representative ROBERTS. It is my understanding, Mr. Chairman, that you put my golden words of truth in the record already. I see no reason to take up time of the Joint Committee at this point.

The CHAIRMAN. Well, there was great discussion about whether they were golden or not, and it was voted 2–2.

[Laughter.]

Representative ROBERTS. I will cast my vote now, Mr. Chairman, and make it 3–2.

The CHAIRMAN. Thank you very much.

[*The prepared statement of Mr. Roberts follows:*]

Mr. Chairman, my statement will be short this morning so we can hear from GAO and the Public Printer.

I appreciate Chairman Ford's calling us together to hear this testimony on the Government Printing Office. In our oversight responsibility we need to hear the results of the management review conducted by GAO as well as hearing from the Public Printer.

This is the first time many of us, especially on the House side have had an opportunity to meet the new Public Printer, The Honorable Robert Houk. We welcome you to GPO and here this morning. We look forward to working with you in the future.

Of course, the Committee doesn't expect in-depth answers this morning from Mr. Houk since he received a copy of the report less than a week ago. We also realize he is newly confirmed and just beginning to get his program for the agency underway.

This Committee is very interested in promoting efficiency and cost effectiveness at GPO for both Congress and the Executive Agencies. I look forward in the near future to hearing specific recommendations for resolving the issues that will be presented today.

The CHAIRMAN. Senator Stevens?

Senator STEVENS. I am interested in your reaction to the degree of modernization at GPO. Just last evening I visited our Senate reporter and find we have computerized our operation there to a very subjective extent. Each reporter has part of the computer and plugs his own machine in and gets a subjective printout very quickly. Are all of these modernizations that we have provided for the Congress now fed into the GPO? Are they keeping up with that level of modernization?

Mr. GADSBY. I think there have been some aspects of GPO that have been modernized. I think there has been a lot of modernization to some of the pre-press activities.

I guess if you had to characterize it, it is that GPO has one foot in the present and one foot in the past in some areas in terms of equipment age that I referred to in my statement.

Senator STEVENS. Is part of that the fault of Congress, laid at the door of Congress and a failure to provide money to keep up?

Mr. GADSBY. I don't know that I would say it is the failure to provide money. I think the important thing from this point, in terms of considering any capital investment plans for the future, is the need to decide what are really the things that you want GPO to print in the future. For example, in determining a future role for GPO and to what extent it ought to have a production operation.

I would think that one of the key things that ought to be done is a survey of the congressional customers to see, in today's environment, in today's world, just what it is that needs to be done or that Congress wants to be done or have the assurance will be done by the GPO in-house printing plant.

Senator Ford mentioned the *Congressional Record* in his opening statement. I can see the *Congressional Record* and bills that are needed on the floor the next day and maybe reports on those as being important items that you need to have, may need to have the in-house printing capacity for. But I think it would be important to survey all of the committees to get a sense of whether the other material that is printed for them by the GPO needs to be done in-house.

I don't know the answer to that, and I think that is really where determining the future role ought to start. Because I think in finding out just what that kind of baseline of work that needs to be done or Congress wants to be done in-house at GPO is really the starting point for deciding how big a future operating capacity could be and what plant and equipment are really needed to serve the needs of Congress.

Senator STEVENS. Well, I am told that 85 percent of the work that the GPO supervises now is not printed by them. Is that correct?

Mr. GADSBY. If you look at the dollar volume of GPO work, about $150 million is in-house printing and over $700 million would be procured work.

Senator STEVENS. We have had pending before Congress now for a series of years requests for new presses. Did you examine into that request?

Mr. GADSBY. No, we did not look at that specific request.

Senator STEVENS. Why not?

Mr. GADSBY. The focus of our work was more on the overall operations of the organization and the management of the organization, including production, procurement, their accountability systems, customer service activities. It did not focus on the specific requests that were before the Joint Committee and whether or not they were justified and whether what was decided was right. We did not focus on that.

Senator STEVENS. Mr. Chairman, I would like to request that we ask him to go back and look. We are told that the presses are down

53 percent of the time. Is that because of age, failure to maintain, or just inadequate presses in terms of the workload and the demands on the system now?

Mr. GADSBY. It is multiple factors that relate to no-work, idle machine time, idle labor time. I think it is probably a multiplicity of factors.

Senator STEVENS. But does it have to do with the equipment itself?

Mr. GADSBY. I am sure that some of it may.

Senator STEVENS. I don't want to belabor this, but I interpret your report as indicating that there are costly, wasteful in-house practices. To what extent are they related to the inadequacy of the equipment?

Mr. GADSBY. I am sure that some of them are. For example, when we talk about efficiency standards and not being able to meet certain efficiency standards, the capacity of the equipment may not allow them to meet private sector standards. But we did not study that question in detail.

Senator STEVENS. What about the waste? I understand that you told our staff that GPO paper waste is twice that of commercial areas. But to what extent is that related to the difference in the GPO demand from Congress and the status of the equipment? Did you study that?

Mr. GADSBY. Well, we studied it to the extent that we tried to get rationale from the GPO managers that we talked to as to why the waste occurred, and we got a multiplicity of things back; that part of it was because of waste as a function of operator mistakes, some of it was because they had to make changes in the presses because they had to switch runs and run different things and so forth. So it is a multiplicity of things.

Senator STEVENS. Mr. Chairman, I would urge that the Committee request the GAO to go more deeply into the reasons for the problems that they have outlined and give us an opinion as to the need for the kinds of equipment that we have been asked repeatedly to provide—not this Committee necessarily, but the Congress as a whole. I would ask that we have another hearing in about 6 months to evaluate not only the progress on these suggested reforms but also to evaluate the results of the further study.

I am of the opinion that for those of us who have stood on the floor at 2 or 3 a.m. and have seen the Senate recess in order to come back at noon so we can read some of the things that were put in the *Record*, we really don't think too much of what happens in that period of time to get the *Record* totally prepared and printed and back on our desk so we can read it at 11 o'clock.

Now, that is a demand that comes from our system. It is an irrational demand, but it is part of the irrationality of democracy. And if we say we need it, then I think we have to provide it, and we ought not to criticize the people who, under such pressure, waste paper or find that they are getting paid overtime.

I think we need a better analysis, really, of the system. Weekend publishing, for instance, did you look to see how much of that weekend publishing was needed in terms of whether Congress was, in fact, in session on Monday as compared to those days when we

were in session on Saturday and coming back on Monday morning? Did you make that comparison?

Mr. GADSBY. We looked at a number of different things related to weekend work, including leave patterns and when Congress was in session versus when Congress was out of session. Basically there were no significant differences in the trend.

Senator STEVENS. Well, maybe that is our fault. Maybe we should have a system that the Secretary of the Senate or—what would be the comparable officer in the House—would set up a system to certify for the printer that the *Record* must be presented by noon on Monday or wasn't needed until noon on Tuesday.

Mr. GADSBY. Again, Senator Stevens, I don't think it is just the *Congressional Record* we are talking about. I would agree with you. There are certain things—the *Record*, the bills, et cetera, that are needed for floor action—that are vital to the operations of the Congress and to the operations of Government, and I would be surprised if the Congress didn't want GPO to print those.

What I am saying is GPO does a lot of other things. It might be worth taking a look at a lot of those other things to see if they need to be done in-house as well.

Senator STEVENS. Well, I would like to see you do that. I don't intend to send my staff over there and have them make that judgment. But I would be willing to work with you to set up a system in the Congress that would tell the printer, the Public Printer, that this work has to be back on Monday, but this we don't need until the end of next week, so that some kind of scheduling comes from the people who have the demand rather than the people who try to perceive the demand.

Mr. GADSBY. Again, you mentioned the word scheduling, and I would just like to emphasize that we bring out the discussion of weekend overtime not to say that weekend overtime is unnecessary. We use it basically to show that better scheduling may be able to reduce overtime. We think that there are some opportunities to improve the scheduling to be more cost efficient. That is basically where we end up with that discussion and suggest that the Public Printer take some steps to improve the scheduling of activities.

Senator STEVENS. I have just been conferring and being rude to you. I am sorry. I have been conferring with the chairman about the subject of oversight hearings. As the chairman has just remarked to me privately, we haven't had oversight hearings. Part of the problem that exists here has to come back to Congress itself. We have the same problem, I am afraid, with regard to the Postal Service, too. We have theoretical oversight, but we conduct it very infrequently.

I would urge, Mr. Chairman, that we try to start some regularity about oversight, and particularly I think we need some oversight of the plans of the Public Printer. He seems to have some very good ideas, but I would like to know in about 6 months if he has done them. And I would like to have you go back and find out in the meanwhile what has really been done to meet some of the comments you hear today. In particular, I would like a subjective report on who makes those decisions for overtime and whether there is a need for some mechanism in Congress to really trigger

the weekend overtime and have someone here be responsible for saying, yes, we have to have this in a short period of time as opposed to a normal work week.

I think we have to bear a lot of the responsibility for what we are hearing today, Mr. Chairman.

The CHAIRMAN. I say to my good friend that I am trying to put into place at the end of my 2-year term a recommendation for the next 2 years. We will hear from the Public Printer those things that he has observed in the short time he has been there and the corrections based on this draft report that he suggests. Once that is out on the table, I believe, Senator Stevens, that we then can have an oversight at a given period of time to follow up and see if those things are being done. That may be, say, every 6 months we have an oversight, which I am willing to do. I tried to get it into law here that we have an oversight hearing of every agency twice a year. It has been since 1983 that we have had an audit of GPO. That is 7 years. I think that is entirely too long, and you fellows, and lady, ought to come see us more often than once every 7 years.

Senator STEVENS. I share that. I have to go back to another hearing. I am sorry.

The CHAIRMAN. We will let you go if you will get the necessary appropriations that we request.

[Laughter.]

Senator STEVENS. Well, if we had support for them, we could get them. I believe they need the new presses. I don't think there is another printing agency of that type that hasn't had new equipment in that period of time.

The CHAIRMAN. Congressman Bates?

Representative BATES. Thank you, Mr. Chairman. I commend you on holding these hearings. It is difficult to them, and I think with our new Public Printer, things have begun to be put in place and improve at the Government Printing Office.

I had a few questions, and I will try and be as quick as possible. With respect to the production side of your review, you mentioned the weekend work, and that has been discussed to some extent. But I was interested, specifically the impression that I had from the review was that much of the weekend work was not priority or required priority turnaround. I was interested in how you did that analysis or how you arrived at that conclusion.

Mr. GADSBY. We would be glad to talk about the source of that. I would like to perhaps ask Ms. Taylor to discuss how we did that.

Ms. TAYLOR. Well, the first thing we noticed in our review of GPO reports about weekend work, was that several jobs appeared to require less-than-priority weekend work, in our opinion. To be sure, we pulled the documents on all of the jobs that were worked on during two random weekends in fiscal year 1989, one when Congress was in session and one when Congress was out of session. We found that GPO worked on hundreds of jobs each of those two weekends, and that in addition to congressional work, GPO was working on agency work.

Then later we used GPO's automated production information systems to gather aggregate information and focused on when work was received and when work was due, and those results are in our report.

Mr. GADSBY. I might just add that it wasn't really practical to pull all the detail for exactly what was done on the weekends. There were thousands and thousands of jobs. There was no documentation saying, you know, why this job was done on the weekend, and it is very hard to get good recollections from people when there are so many jobs in the system. So we had to move to an aggregate data analysis such as the one we depict in the report.

Representative BATES. Thank you. In addition on the production side, I notice that the review seemed to focus much more on production of the operation, and yet 75 percent of the work is contracted out, and most of the money is on the procurement side. And I was curious why you chose to focus more on the production of the operation.

Mr. GADSBY. I think while the report probably focuses more on production than it does on procurement, I am not sure that I would agree that the review necessarily did. If you go all the way back and stand in our shoes and start where we started, I would think we looked at a balance of managerial activities in operations related to production, to procurement, to customer service, to the overall planning in the agency, to the systems and methods it had in place to hold managers accountable for what was going on.

As we got the information, it became clear that obviously there were operational problems in the production area, that this was an area that customers complained about quite a bit. It is also an area where the fixes will require ultimately some substantial capital investment. So I think we felt it was important to focus on that as an important part of the report. And that is why it is right up front.

Representative BATES. Thank you. Now, moving into procurement, what steps would you recommend for the Government Printing Office to improve the procurement operation?

Mr. GADSBY. I would like to ask Mr. Abraham to answer that.

Mr. ABRAHAM. Based on our work, we believe that GPO's procurement staff needs better information in order to make effective decisions about what contractors it should use. To help make these decisions, they also need guidance from their managers about what quality and timeliness of contractor performance they should expect. To be specific, we believe that GPO needs to validate the information that it now gets on deliveries of printing. GPO currently calls contractors every day to ask them if they have shipped the work. They never check with the customers to see if they have received the work.

It also needs to better organize the information it develops on contractor quality. It keeps much of it in manual files that is not accessible to people in the regions and difficult even for people in the central office to get access to. It also needs to tell its procurement staff when a contractor's performance is such that GPO should consider sanctioning that contractor or considering not making awards to the contractor.

Representative BATES. What about customer service? What areas there would you recommend?

Mr. GADSBY. Customer service, you can look at that from two perspectives, I think. There are a number of specific little items that ought to be done—and we point to them in the report—that customers want and probably should be able to find out whether

their work is going to be done in-house or whether it is going to be done out on procurement. They should be able to get information on the status of their jobs fairly easily. They complain about the level or extent of information on bills, and I think there is room for improvements there.

In kind of a broad sense, I think treating customers like they had the option to go some place else to have their business done probably would be a good motto to follow in terms of overall improvements in the customer service operation.

Representative BATES. How extensive was your contacts with customers? What methodology, how many did you contact?

Mr. GADSBY. We basically surveyed the 10 largest congressional and agency customers of the Government Printing Office. We sent them a questionnaire and had some follow-up discussions with them.

Representative BATES. Your draft focuses on the development of quantifiable measures of performance for senior level managers. That sounds very good. I am curious how realistic that is to quantify.

Mr. GADSBY. I can see where that can be a confusing term. I think we are certainly not advocating that we have quantifiable performance measures for the Public Printer or for some of the top people whose responsibilities I guess were best characterized as running the overall operations of GPO. But I think as you move down and you are talking about people whose responsibilities are more narrowly defined into specific operational areas, whether they are production or procurement. I think we feel there that the performance plans for those managers ought to reflect basically the responsibilities, the key responsibilities, that they have in the areas that they are responsible for.

Representative BATES. I will conclude with a couple of questions on strategic planning. How would you describe the strategic planning process, and what recommendations do you have for improving it?

Mr. GADSBY. Well, the strategic planning process at GPO, could be characterized as a bottom-up process. In other words, they do do some planning, but basically what we have observed during the study is that planning was done without any direction from the top. I think the actions by the Public Printer to articulate some goals should begin the process of pointing a direction. You need those goals as a framework to point a direction and the strategic planning for the organization ought to use that as the framework for proceeding.

The other thing would be that any strategic planning process, whether it relates to GPO or another agency, I really think that at the front of this process you really need to get the key players or stake holders, if you will, in the GPO involved, so that there is some agreement at the front end as to what the broad direction of the agency ought to be.

As I said in my statement, the Joint Committee, perhaps other congressional committees such as Appropriations, OMB, the unions—these are all people that are stake holders in GPO. And to the extent they can be a part of that process, I think it will probably avoid the Public Printer and the key people at GPO working

alone on the development of a plan, only to present it and find out that there is a great deal of disagreement with it or a lack of agreement as to what it says. So I think that involvement of the key players is also a very, very critical factor.

Representative BATES. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Congressman.

Senator Hatfield?

Senator HATFIELD. Thank you, Mr. Chairman.

First of all, I would like to thank you for employing many of your long-time experiences and expertise as a former Governor in addressing some of the administrative aspects of our congressional responsibilities, which are so often neglected.

I also would think that out of this experience maybe the GAO could perform another function, and that is to analyze the management and administrative functions of the United States Senate.

Mr. GADSBY. Mr. Bowsher said he might do that in his last year of office.

[Laughter.]

The CHAIRMAN. Now, you have gone to meddling, Senator.

Senator HATFIELD. The interesting thing is we have done some self-analysis under the Culver Commission and the Hughes Commission, but we have never demonstrated the courage to adopt their recommendations. But that is another point.

I have a number of documents before me. Some are called drafts and summaries and so forth of your report. But throughout all of these, various and sundry characterizations in these reports, I find that the word monopoly has been used frequently: GPO's monopoly role perpetuates inefficiency as it ignores market forces; no efficiency incentives in a monopoly.

Now, do you feel that even with your recommendations, which do not address the structural character of the agency as a monopoly, we will ever put this agency on a competitive relationship for efficiency and effectiveness with private sector operations of a similar character?

Mr. GADSBY. I think it would be very hard for GPO to be totally competitive with private sector operations. In terms of the monopoly-like status that we refer to, we used that in the report to basically point out a very important fact of GPO's operation—that is, some of the key attributes of a monopoly dominate the GPO's environment. For example, GPO has control over its customers' work. There are some exceptions, I think minor, that the chairman referred to earlier in the hearing. But, by and large, the agencies have to come to GPO to get their work done. GPO decides whether it will do it or whether it will go outside. GPO is charged by law to recover the full cost of its work no matter what those costs are. So control is a key attribute of the monopoly.

The other attribute I would say is lack of options, customer options. The customers basically don't have options of going to other places. No matter how satisfied or dissatisfied, basically they have to come back to the GPO store, if you will, to get their work done.

Does that address your question, Senator?

Senator HATFIELD. In part. But I suppose that leads you, then, to make a further observation, and that is, when you raise questions

as to the future character of this agency, perhaps it should be a contracting agency only.

Mr. GADSBY. Well, I think that is clearly an option. Where we come out—and perhaps this gets to the heart of what you are saying—is that we didn't feel, based on the extent of work that we have done, that we should be the ones dictating what the role of GPO should be. GPO was created by Congress to serve the needs of Congress, created a long time ago.

What we are saying is that a lot has changed in the past hundred-plus years and that we feel now, today, that the GPO is at an important crossroads. Much talk has been made about the aging plant and equipment. We mentioned it. Senator Stevens was mentioning it when he was here. We have talked about the changing environment and the rapid technology changes. We have talked about the physical plant which is old. We have talked also about the aging workforce at GPO.

I think what we are saying is before we move forward to make any capital investment, it might make some sense to really decide what we want this agency to be for the future, and then based on the answers to those questions . . . .

Senator HATFIELD. I couldn't agree with you more. At the same time, if you are dealing with a monopoly, then to compare it to a non-monopoly operation, such as in the private sector that is a competitive type organization, does not really say to us that we will ever be able to develop a similar operation under a monopoly.

Now, we can minimize those inefficiencies, and we can improve on productivity, et cetera, et cetera. Nevertheless, I am not sure that it is always fair to take one structure character or one type of structure and then to compare it to another structure. Because I think you have already answered the question by saying it is never going to be—never going to be in the operational area of efficiency that a competitive organization is going to be, because of the very character of its organization.

Mr. GADSBY. It may not be, but I think the existence of the monopoly-like attributes really point to the need to put more management emphasis on efficiency and accountability because there just aren't the incentives there to drive that as there are in the private sector. And that is a key point that we try to make.

Senator HATFIELD. Let's take one of those examples. You say, "certain factors contributing to the high product costs, such as high wages, which GPO estimates are 50 percent more than the printing industry as a whole."

Mr. GADSBY. Yes, sir.

Senator HATFIELD. Then you say, "GPO's monopoly role perpetuates inefficiency because GPO's $150 million of central office printing in 1989 might have been procured from commercial printers for $75 million." One-half.

Let's take these two examples that you use here. Is that because of a monopoly, the structure being a monopoly? Or tell me about wages. I thought we had union wages here. I thought we had organized labor operating in the GPO. Are you comparing the wages here of GPO under organized or union wages to non-union shops in the private industry? To what do you make such comparisons if

they are 50 percent more in wages? Now, we are talking about hourly wages.

Mr. GADSBY. I would like to ask Mr. Abraham to respond.

Mr. ABRAHAM. Yes, Senator, the figures we cite in the report are from GPO data. They compared the printing industry as a whole to BLS statistics, or their wages to BLS statistics on the printing industry as a whole. So that would include a mix of both union and non-union operations.

Senator HATFIELD. A mix in the private sector?

Mr. ABRAHAM. Right. We also looked at GPO wages, data GPO developed comparing their wages to union operations in certain selected trades in major publications like local newspapers and so forth. And GPO's wages were still generally higher than those operations but not 50 percent higher.

Senator HATFIELD. Now, I am not familiar enough with the nomenclature, but are you saying a typesetter who belongs to a typesetters union working for GPO is getting a higher hourly wage than a typesetter belonging to the same local union who may work for the Washington Post?

Mr. ABRAHAM. Yes, sir, on average. There are some trades that they are a little lower, some trades they are a little higher.

Senator HATFIELD. Well, as the chairman knows, a few years ago we helped settle a wage contract dispute between some of the unions and the GPO and management. Are you saying that this was established out of collective bargaining or out of a forced settlement by the Rules Committee that we have this differential in the same skill, the same trade skill as between a union wage in the GPO and a union wage in the private sector in Washington, DC, perhaps belonging and probably belonging to the same local? How did that happen?

Mr. ABRAHAM. We didn't go into this particular question enough to see how it happened. We merely looked at the statistical data showing current wage rates at GPO and at the selected comparable examples.

The CHAIRMAN. May I just say to my good friend that you are in the Rules Committee hearing room, but the decision was made by the Joint Committee on Printing rather than the Rules Committee.

Senator HATFIELD. I stand corrected.

The CHAIRMAN. I just want to be sure that the record reflects that.

Senator HATFIELD. I feel so comfortable here in my chairman's presence, who is chairman of the Rules Committee. I got sort of lost in my reverie.

The CHAIRMAN. When the rugs become red and that sort of thing, you will be even more relaxed.

[Laughter.]

Senator HATFIELD. That vote still stands, doesn't it?

The CHAIRMAN. Yes, it does.

Senator HATFIELD. I do include my good colleagues from the House as part of our effort here this morning of the Joint Committee rather than the Senate Rules Committee.

Well, Mr. Chairman, I am not going to pursue this further at this point, but I do feel that the report does give us a very important reason to proceed to review in the future the structural char-

acter of this agency. I realize that we have yet to hear from the Printer, and we must certainly get his perspective. I think we ought to be prepared to address that structural question because out of that flows a lot of these other issues. There is nothing, I think, worse in political life than to raise expectations that some changes are going to achieve certain goals, but perhaps those goals are not fully achievable, but only partially achievable. To lay at the GPO the sort of report here that at superficial reading suggests the sooner we repeal it and kick it out and get rid of it, the better it is going to be for the taxpayers. I just want to counter that kind of quick reading, because I think we do have to address the structural contribution made to some of these differences between the private sector, which we are comparing it against, and the monopoly, which exists here under the GPO arrangement we have created.

Mr. GADSBY. It is a point well taken. Thank you, Senator.

Senator HATFIELD. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

I might just insert in the record in round numbers—and if I am wrong, someone will correct me. We have about 1,400 craftsmen at GPO, about 1,300 clerical and administrative support, and 2,300 in the management level. So you can see that basically half is at management level and half of them run the presses and support team.

Congressman Roberts?

Representative ROBERTS. Thank you, Mr. Chairman. I want to thank my colleagues for their interest and their questions, and I want to thank you, Mr. Chairman, for holding this hearing. While I am thanking everybody, I will thank the GAO for their study, and I want to welcome the new Public Printer. I hope that this hearing is a crossroads by which the GPO can answer some of these problems raised in the GAO report. Quite frankly, Mr. Chairman, if you read the draft report, the GPO is in a pretty sad state of affairs.

When was the last time we had an audit, Mr. Chairman?

The CHAIRMAN. 1983.

Representative ROBERTS. In 1983. In keeping with the remarks by Senator Stevens and Senator Hatfield, we do have this oversight authority, and the chairman has been working very diligently in that regard. Now we have a draft report that basically says that during a time of space-age technology in the printing business, a revolution, the GPO continues to be a horse and buggy outfit at best. I am an old newspaperman. If you look in the Congressional Directory, it says I am a journalist. That is an unemployed newspaperman. I am very interested in seeing the GPO improved. Now we have a new Public Printer. I am not going to go down the laundry list of the highlights here of this draft that you have produced for the Joint Committee. But as I say, it is a pretty sad state of affairs.

Now, all of my colleagues have indicated it is our responsibility to do the kind of oversight work to be a catalyst, if you will, to bring the parties together to try to get a better policy. We don't like to do that very much in this body. This Joint Committee I guess expected—and we have already had a request to take a look at the Senate. I guess we could do that with the House of Representatives as well. But in my own case, I have been a member of the Joint Committee for some years now. Able staff tells me from time to time, my goodness, look at the situation over there at the

GPO. We must do something in regards to the overtime costs. They don't have the presses. We can't get things on time. If you went out and you contracted with private companies, it would be much cheaper, et cetera, et cetera.

Basically, and I say this as a problem with the process, Mr. Chairman. I understand that it has been that way for several years. And I think, Mr. Chairman, we need some kind of catalyst, some kind of handle here to proceed as Senator Hatfield has indicated. Obviously, the timing is exactly right with a new Public Printer, and I think if we can take this GAO report, why, it would be the right time to really take a hard look and see if we can't answer some of these problems.

I have a handle. I have a way, it seems to me, that at least could provide some discussion. I wrote a letter to the chairman and to the new Printer asking if we could not seek ways to cut the costs and increase the efficiency of the GPO and study the moving of the daily *Congressional Record* from printed copy to computerized on-line service. The Printer has a copy of my letter. The chairman wrote back and said that we have tried this in a study in the Senate. It didn't work too well with the GPO. Mr. Chairman I would like to submit for the record my letter to you and to the Printer and the summary of why I think this would certainly make a lot of sense.

The CHAIRMAN. Without objection, those letters will be included in the record.

[*The information provided by Representative Roberts follows:*]

May 1, 1990

The Honorable Wendell Ford
Chairman, Joint Committee on Printing
SR 173A
Inside Mail

Dear Mr. Chairman:

As members of the Joint Committee on Printing, I know we are seeking ways to cut costs and increase the efficiency of government printing operations. I enclose the draft of a proposal that could save dollars, trees and landfill space. Specifically, I am urging a study of moving the daily *Congressional Record* from printed copy to computerized on-line service.

Electronic publishing of the *Congressional Record* is the first step to moving Congress and the GPO into the new technologies being used in the private sector. With current concern about cutting printing costs, it promises extraordinary savings. With increased awareness of the environment and recycling, it promises to eliminate thousands of pounds of paper used by Congress each year. Access to the *Record*, both by Congress and by the public through depository libraries would be easier and more timely. In short, Mr. Chairman, I believe we have an opportunity for Congress to set an example in cutting costs and cleaning up our environment.

To this end, I urge a concerted staff study of electronic publishing of the *Record*. The study should include potential cost and paper savings, technical problems and opportunities and statutory and rule changes needed. It should be undertaken with the view of developing a concrete proposal that can receive discussion and action by the full Committee and by Congress.

I look forward to your consideration of this proposal and stand ready to work with you and the committee in every way possible.

Sincerely,

PAT ROBERTS

May 8, 1990

The Honorable Pat Roberts
U.S. House of Representatives
Washington, DC 20515

Dear Pat:

Thank you for your proposal to move the daily *Congressional Record* to an electronic data base. I am sending it on to the Public Printer who is currently preparing recommendations and requests to modernize delivery of the *Record*.

As you may know, the Senate has been studying an on-line retrieval system of the *Record* for several years. The Secretary of the Senate has taken major steps in an effort to make this practicable. The Senate Rules Committee commissioned a consultants report and delivered a detailed description of Senate requirements. The Government Printing Office developed a data base, a distribution network and a product. At my request GPO tested its on-line *Record* at four Senate sites. All four were regular users of other private sector on-line *Record* products and all four found the GPO product "unusable". For that reason I sent GPO back to the drawing board. JCP staff have advised me that since that time there has been little interest shown in the project.

It is my belief that our new Public Printer shares our interest in developing an on-line *Record* and in time believes it can be the fastest, least costly way to bring the *Record* to a much wider group of users. It is my hope that he will merge your proposal with the Senate interests and produce a product of enduring value to Congress.

Sincerely,

WENDELL H. FORD,
Chairman.

May 8, 1990

90JCP007

The Honorable Robert W. Houk
Public Printer
U.S. Government Printing Office
Washington, DC 20401

Dear Bob:

Our senior Republican Member, Pat Roberts of Kansas, has developed the enclosed study. I commend it to you as you prepare your recommendations on how to modernize GPO's delivery of the daily *Congressional Record*.

I believe this is a critical question for the Government Printing Office and I hope we are able to resolve it during this session of Congress.

Sincerely,

WENDELL H. FORD,
Chairman.

Enclosure

Currently the *Congressional Record* is entered, composed, proofread, typeset, printed, bound and delivered to Congress overnight, much as a daily newspaper. The overnight time constraints require a huge investment in manpower and equipment at the Government Printing Office (GPO). The large numbers of employees required to perform the overnight turnaround not only receive a 15% nighttime wage premium, but their very numbers require additional numbers of supervisors, administrative personnel and similar overhead expenses. In addition, the large presses used to print the *Record* are, for the most part, about 30 years old. For a number of years the GPO has been requesting authorization to buy replacement equipment. The estimated cost of similar modern presses is expected to be on the order of at least $10–15 million.

Technology exists that will allow dramatic cost savings and avoidances in this process, provided that Congress is willing to accept the delivery of the information in the *Record* in different formats on different time schedules. Today, daily morning deliveries of paper copies of the *Record* are expected by members and Congressional staff. However, in many if not most cases, an electronic, on-line product would meet

or exceed Congressional needs. The following is a hypothetical, though clearly feasible, alternative system for delivery of the *Congressional Record* to the Congress.

Under current production practices at GPO, *Record* information is already captured in an electronic format for use in the electronic photocomposition process. It would be a relatively simple proposition to create a computer program to format, display, and allow retrieval from an electronic *Record* in each Congressional office equipped with a computer. Of course, all, or virtually all Congressional offices are so equipped. In fact, such a program already exists for the on-line *Record* maintained by House Information Systems (HIS). For normal Member office or committee office use, the on-line *Record* with computerized search capabilities would streamline research and would more than adequately meet other *Record* information needs. If portions of the *Record* are needed for use at meetings, discussions or floor use, those portions could readily be printed out on office laser printers.

Where a paper full-text version of the *Record* may be needed the morning following a Congressional session (e.g., the House and Senate floor), a limited number—several hundred to several thousand full text copies could be produced on high-speed electronic printing devices. Inquiries to a major manufacturer of such devices reveal that with a computerized input, a single 200-page *Record* (a normal size) could be produced in two minutes. Extrapolating from this figure, two such devices could produce 300 copies of the *Record* in 5 hours. Of course, additional devices could further improve the delivery time or the numbers of copies available in a given time. The cost of such devices is approximately $300,000 apiece (as opposed to the $10–15 million for new printing presses, as noted above). The electronic devices could be located at GPO or, if convenience dictated it, at HIS or the Senate Computer Center (SCC), or even in relatively small spaces in the Capitol.

The on-line versions of the *Record* could be cumulated and maintained by HIS, the SCC or the GPO, for an entire Congress. Indeed, the HIS already maintains such an electronic *Record*. This would allow for research for an entire Congress, or even several Congresses if the need was demonstrated.

To meet subsequent demands for hard-copy *Records*, such as for libraries, public sales and perhaps Congressional office shelves (though this latter need should be supplanted by the existence of the on-line version), the *Record* could be printed in its current format, days, weeks or even months later. Such printing could be done at a fraction of the cost currently incurred. For example, procured printing rates are generally about halt of in-house costs. Second, in addition to the basic rates, the overnight printing at GPO requires the payment of an additional 15% nighttime wage premium. Third, weekly or monthly editions could be aggregated, thereby saving binding costs. Fourth, archival paper could be used, making these editions suitable for permanent retention in libraries. Fifth, if daily proceedings were properly integrated, indexed and bound, this edition (along with a CD-ROM version of the *Record* that is currently being developed) could obviate the need to produce the entire permanent bound edition of the *Record*. These enumerated advantages to such an approach indicate that cost savings could be tremendous.

Record copy could still be prepared (entered, proofread, typeset and indexed) at GPO prior to releasing it to the contractor, to ensure its accuracy. However, these tasks could be done by day (no 15% nighttime pay differential) and without rigid time deadlines.

Other benefits that could flow from adopting this type of new information delivery system include:

1. The *Federal Register*, which is the other major product that is produced at GPO on the same presses as the *Congressional Record*, could also be printed under contract to a commercial printer. It is not now printed with the same overnight delivery requirements as the *Record*, so it should be a fairly simple transition. As noted above, commercial rates should be substantially cheaper than those incurred in-house at GPO. In addition, the publishers of the *Federal Register* have complained to GPO for several years about the printing quality of their product. That quality has indisputably been inferior because of the age of the current presses that GPO has sought to replace. So, on both price and quality grounds, the Office of the *Federal Register* should be pleased to see such a transition.

2. Depository libraries could be afforded the same next-morning access to the *Record* that the Congress would receive. As it is now, most libraries must wait several days at least, before a paper version of the *Record* is delivered by the Post Office. With an on-line version already being prepared for Congressional use first thing in the morning, that same information could be telecommunicated to depositories either through phone lines, satellite broadcast, or FM sideband broadcast each morning. The costs of such dissemination should be dramatically less than the current costs incurred in printing and mailing the daily *Record*. Libraries could re-

ceive and store the daily *Record* transmission on floppy disks or other electronic media, thereby saving themselves shelf space. At such time as they received their printed paper (copies or permanent bound *Record*, if it is not discontinued) or a CD-ROM version of the *Record*, they could discard the daily broadcast versions.

3. The Appropriations committees have made it a point to diminish the numbers of employees authorized for GPO. The new technologies and methods of delivering information require far fewer employees to accomplish essentially the same tasks. As a result, a concerted effort could be undertaken to reduce the employment rolls through attrition, without affecting services.

4. Overall, the new technologies should reduce the amount of paper consumed to deliver information. This, of course, would have the dual effect of conserving natural resources at the same time that solid waste products are reduced.

5. The new technologies require far less physical space and overhead (in addition to personnel). As such, the physical plant required to house GPO in the future should be radically smaller than that currently occupied. For many years there has been talk of relocating GPO to more suitable industrial space. The present buildings, which occupy eight floors, are ill-suited for modern manufacturing, given the tremendous problems of handling incoming materiel and outgoing printed products in elevators. The prospect of a new building largely has been waylaid by the anticipated costs of such a venture in today's governmental budgetary scenario. However, the redevelopment of GPO's neighborhood in recent years has greatly increased the underlying value of GPO's real estate and buildings. Private sector developers have inquired about the prospects of buying the property, or in lieu thereof, conducting some sort of swap for other property upon which the developer might construct a suitable modern facility to house GPO. The diminished physical needs of a future GPO, coupled with rise in value of its current properties, might make such a swap practical, with a minimal outlay of appropriations for a new facility. Naturally, further savings and benefits could be derived from a new, modern, efficiently-laid out GPO building.

Representative ROBERTS. The problem is that Congress mandates of the GPO a certain time requirement for the *Congressional Record*, and then with the way that GPO operates and the 30-year-old presses they have—or they don't have—and with the nighttime costs and whatever, we get into this very bizarre mare's-nest kind of operation. To replace the 30-year-old presses it is going to cost, what, 10, 15 million bucks—when we are right now in the House on the verge of a computer system with HIS where we could convert to some electronic printing devices here for roughly $300,000 apiece. We could maintain the published records without any problem. It could be done later in terms of all of those copies that need to go to the libraries all across this country, and they could do it in the daytime.

Now, I think it is time we took a good hard look at that. I am not sure, was it the chairman's intent that we were going to take a look at the possible purchase of the new presses and ask the GAO to do that?

The CHAIRMAN. After this oversight hearing—I don't know whether you have been to one before, but I found a lot of things that need to be done. And the deeper I dig, the more problems I face, the more questions have arrived. What I would like to do after this hearing today is kind of look at what all of us have had an opportunity to visit as it relates to the GAO and to the new Public Printer, and then develop another request for GAO to be sure that we are all on the same wavelength and we are for the right things.

Your input is very significant because I am not an unemployed newspaperman. I am not a journalist. In fact, I am just bilingual—bad English and Southern.

[Laughter.]

So your input is very valuable, and I intend to call on it. So give me some time after this oversight hearing so we can pull it together and then make an additional request of Mr. Gadsby.

Representative ROBERTS. Well, I would like to pass my marvelous idea and concept and suggestion to the GAO to have them take a good hard look at it, and then indicate, of course, that it is an outstanding way for us to proceed into the 21st century. It would bring us from the horse-and-buggy days.

Now, I know what the Public Printer and GAO are going to say.

Mr. GADSBY. I am going to try and pass it back.

Representative ROBERTS. Well, that is exactly what I am going to say.

Mr. GADSBY. Because, as I listened to you, what I am hearing is you beginning the discussion of what the future role of the GPO ought to be. And I think that very discussion, since the GPO was created to serve the needs of Congress, is a very important one that needs to take place under the leadership of the Joint Committee on Printing as kind of the board of directors of the GPO. I am not saying that we won't do that, but I am encouraged that that is really what is needed and where we ought to be going.

Representative ROBERTS. Well, in keeping with your leadership role of the GAO, you have rightly anticipated what I was going to say. Don't do that to me on the House Ag Committee if you come over there. And what you will say is, Mr. Roberts, you have a very interesting concept here, and it probably could work. These are some other ideas that you may pursue, and these are some things that present some problems. But, obviously, Mr. Roberts, you and the chairman and your colleagues would find that this proposal dovetails into a group that we are recommending that includes the Public Printer, the Congress, the Federal agencies, the GPO, unions and others who decide the future role and mission of the GPO. That is exactly what the GAO has already told us on the last page of the draft report. So I understand that, but it seems to me that if we are going to listen if we are ever going to move ahead—and the chairman already knows this. The chairman has asked for this report. You have provided the report, and the chairman has provided us a foundation and a step on which we can take off from there.

I am just telling you that I am the last person in my office that still has a typewriter. I don't like ZIP codes. You know, I am back in the days of Eisenhower and a balanced budget and when Kansas State University actually won a football game. I don't even like direct election of Senators. I hesitate to say that, but I thought that was a reform we shouldn't take. So I am sort of a mugwump, and there I am with my typewriter, and my entire staff, including my staff here, says: "We have got to move ahead."

Well, I am telling you, the GPO is about like I am in terms of some of my prejudices. And if I can say to the Congress of the United States there is a way to get an on-line computerized *Congressional Record* quickly and more inexpensive and we should do it. And we can do it in a relatively short time. If that is the handle that will provide the chairman and myself and others to get this thing on track, that is what I think we ought to do.

Now, I have taken far too much of your time, and these are questions I could ask of the Printer. But I think now is the time to act, Mr. Chairman, and I commend you for your leadership.

The CHAIRMAN. You are mighty nice, Congressman. I intend to do that, but I don't want to move too fast because of my lack of knowledge of the printing industry and what is necessary. And the input will be very valuable, and we will go from there.

We thank you, and I think you understand from the comments of the members of this Committee this morning that there will be additional work. We will try to put together a request which will kind of move us in the direction. I understand you would make a recommendation if forced to, but you would prefer, after giving us the facts, that we make the decision on where Congress thinks this should go rather than putting you in the middle of it. I will attempt to do that because I think that is proper.

Mr. GADSBY. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, all three, for your testimony this morning, and we look forward to working together.

Now I say to my colleagues our next witness is Robert W. Houk, the Public Printer. I understand that the information GAO based its report on pre-dates Mr. Houk's term. The Committee would welcome your comments on these issues, Mr. Houk, and we are particularly interested in what you can tell us as to where you propose to take the agency. We also ask you to place in the record the names and the positions of the colleagues that you have with you this morning.

STATEMENT OF HON. ROBERT W. HOUK, PUBLIC PRINTER, UNITED STATES GOVERNMENT PRINTING OFFICE, WASHINGTON, DC, ACCOMPANIED BY TOM MULDOON, DIRECTOR OF PLANNING; VINCE ARENDES, COMPTROLLER; AND RICK BARNETT, CHIEF OF STAFF

Mr. HOUK. Thank you, Mr. Chairman. Good morning.

On my far left is Tom Muldoon, Director of Planning for the GPO. On my immediate left is Vince Arendes, Comptroller. On my right is Rick Barnett, Chief of Staff.

I welcome the opportunity to appear before you to present my views on the General Management Review of the GPO, which was conducted by the GAO. I also welcome this opportunity to discuss the goals and objectives I intend to pursue at GPO while I am Public Printer.

In the interest of time, I would like to briefly summarize my prepared statement that has been submitted for the record.

The CHAIRMAN. Your testimony will be included in the record as if given, and we appreciate you highlighting your remarks.

Mr. HOUK. Thank you, Mr. Chairman.

First of all, I commend you for calling this hearing. To the best of my knowledge, this is the first time in a decade that a chairman of the Joint Committee has taken the opportunity to examine GPO's operations in a public forum. An exploration of these operations will be highly beneficial to the improvement of GPO's products and services.

As you have indicated, the period covered by the GAO's review pre-dates my confirmation as Public Printer. This fact, however, does not absolve me of my statutory responsibility to address continuing problems in the execution of Government printing. I want to assure you that I firmly view it as my task, with the guidance of the JCP, to implement the actions that are needed to increase the efficiency, effectiveness, and economy of Government printing. To that end, I welcome this discussion that has been generated by the GAO's review.

I received a preliminary briefing on the GAO's findings at the end of May, and last Friday evening I was provided with a draft copy of their report.

I have read that report with great interest, particularly those sections which highlight the need for GPO to: reduce the costs of its operations; improve responsiveness to Congress and Federal agencies in terms of timeliness, quality, and client information services; modernize its plant, equipment, and workforce; establish effective management performance plans and information systems; and determine its future role in Government.

I appreciate the work done by the GAO, and I appreciate the comments Mr. Gadsby and his staff have just made. While I am not prepared at this time to comment in detail on each and every specific point raised by the management review, the overall thrust of the GAO's conclusions confirms my views on the need for measured improvements to GPO's operations.

These views are based on my own observations and on discussions I have had with members and staff of the JCP, other congressional officials, representatives of Federal printing and publishing operations, and a wide variety of other interests both before and after my confirmation.

These discussions formed the basis of the goals and objectives I have established for GPO, which are designed to address three critical issues: the maintenance and improvement of satisfaction with GPO's products and services; the modernization of GPO's operations; and the determination of GPO's future role.

In summary, these goals and objectives reflect my overall intent to: reduce the costs and improve the timeliness and quality of work provided to Congress, Federal agencies, and the public, and hold GPO's management accountable for achieving those ends; provide GPO's clientele with more responsive services; equip GPO with modern, cost-effective technology and endow our workforce with the necessary training and expertise to operate that technology; and lay the groundwork for GPO's future, through a usable strategic planning process, to ensure that GPO can participate as an effective executor of Federal information policy in the Electronic Age.

I believe my goals and objectives will address many of the issues raised by the GAO draft report. Indeed, a number of management actions I have taken to date have already begun that process. These include: the curtailment of controllable administrative expenses; the initiation of managerial reviews of overhead, overtime, and other high cost problem areas; the establishment of interagency working groups to devise constructive GPO responses to client needs; the re-evaluation of capital investment proposals to formu-

late new priorities for investment in plant and equipment; and active participation in legislative efforts designed to give GPO an appropriate role in the provision of electronic technology products and services.

In addition, a variety of other actions have been taken in GPO's Superintendent of Documents area to improve the provision of Government documents to the public. Further management actions for all of GPO will, of course, be refined and adjusted to address the issues raised by the GAO management review and by this hearing.

Mr. Chairman, once again I appreciate this opportunity to provide the JCP with my comments, preliminary as they are, on the GAO draft report, and to provide you with an outline of my goals and objectives. I believe that the GAO review of our operations will serve a highly useful purpose, and I look forward to continuing to work with them.

I also look forward to the continuation of a cooperative working relationship with the JCP which I think is already well established, and to the benefits of the JCP's guidance.

I am now prepared to answer any questions, Mr. Chairman.

[*The prepared statement of Mr. Houk follows:*]

Mr. Chairman and Members of the Joint Committee on Printing (JCP), I welcome this opportunity to appear before you to present my views on the General Management Review of the Government Printing Office (GPO), which was conducted by the General Accounting Office (GAO) at the request of the JCP. I also welcome this opportunity to discuss the goals and objectives I intend to pursue at GPO while I am Public Printer.

I commend you for calling this hearing. To the best of my knowledge, this is the first time in a decade that a Chairman of the JCP has taken the opportunity to examine GPO's operations in a public forum. An exploration of these operations will be highly beneficial to the mutual efforts of the JCP and GPO to improve the provision of GPO's products and services. I also think that these hearings are timely given the period of technological transition in which GPO—and Government printing policy as a whole—now finds itself.

The GAO's review pre-dates my confirmation as Public Printer. The draft report focuses principally on data accumulated during the fiscal year ending September 30, 1989, and on trends that have developed over previous years. This fact, however, does not absolve me of my statutory responsibility to address problems in the execution of Government printing policy.

I firmly view it as my task, with the guidance of the JCP, to develop and implement actions that are necessary and appropriate to increase the efficiency, effectiveness, and economy of Government printing. To that end, I welcome this discussion that has been generated by the GAO's draft findings.

GAO DRAFT REPORT

The GAO assessment was undertaken between September 1989 and May 1990. Along with the Members and staff of the JCP, I received a briefing on preliminary findings at the end of May. Last Friday I was provided with a draft copy of the assessment. As I understand it, there will be a 30-day period in which GPO may provide comments to the GAO on the draft prior to final release of the report. My staff is currently preparing such comments.

I have read the draft report with great interest. Although I do not necessarily agree with the GAO's reference to GPO's "monopoly-like" authority, I am most interested in those sections which highlight the need for GPO to: (1) reduce the costs of its operations; (2) improve responsiveness to Congress and Federal agencies in terms of timeliness, quality, and client information services; (3) modernize its plant, equipment, and workforce; (4) establish effective management performance plans and information systems; and (5) determine its future role in the Government.

While I am not prepared at this time to comment on each specific point raised by the GAO draft report, the overall thrust of the draft confirms my views on the need for measured improvements to GPO's operations. These views are based on my own observations and on discussions I have had with Members and staff of the JCP,

other Congressional officials, representatives of Federal printing and publishing operations, and a wide variety of other interests over the last several months.

GOALS AND OBJECTIVES

These discussions and the guidance they have provided have formed the basis of the goals and objectives I have established for GPO. The goals and objectives were devised to address three specific issue areas: (1) the maintenance and improvement of satisfaction with GPO's products and service; (2) the modernization of GPO's operations; and (3) the determination of GPO's future role.

I announced these goals and objectives initially to a meeting of the Interagency Council on Printing and Publications Services in April. Subsequently, they were incorporated into the talk I presented to GPO's regional managers in May, after which they were distributed to all of GPO's managers. I also addressed these goals and objectives before the Federal Publishers' Committee in June and before various library and information industry gatherings since then.

I believe these goals and objectives, together with management actions which have been taken to date, have already begun to address many of the issues raised by the GAO draft report. They will of course be refined and adjusted to address additional issues raised by the GAO and by this hearing.

MAINTAINING AND IMPROVING SATISFACTION

Even though it is my view that GPO maintains generally good working relationships with Congress and Federal agencies, I am also aware that our clients have a number of concerns regarding the cost, timeliness, and quality of GPO's products and services. In many cases I think these concerns are legitimate. Accordingly, I have made maintaining and improving client satisfaction with GPO's products and services the first goal of GPO's management.

Reducing GPO Overhead Expense. As an objective of this first goal, we are addressing opportunities for reducing the GPO overhead expense that is allocated to products and services. As I have stated previously, I think this may hit a familiar note and a sensitive one, but it is a task that must be performed, and I know the JCP shares this view. I have already initiated the curtailment of unnecessary travel, subscriptions, administrative overtime, and other controllable costs, and I intend to take other overhead-reduction steps, including addressing the current amount of supervisory levels throughout GPO.

GPO overhead is an area that I would like to have seen the GAO review probe more deeply than it did, although I understand that the GAO recently has initiated a separate effort to review GPO's overhead allocation system. I will welcome the results of that inquiry.

Other Cost Reduction Measures. Other cost-reduction objectives will include addressing opportunities for incorporating cost-saving technology into GPO's conventional printing operations. We are re-evaluating various capital investment proposals that were submitted by GPO to the JCP over the last year, and which were returned to me on my request shortly after I took office. This re-evaluation will establish new priorities for capital investment.

We are going to take action to reconfigure inefficient operations. For example, we will be paying close attention to the future of the Rapid Response Center (RRC), located at the Navy Yard, in view of its past poor financial performance and prospective space changes to the Navy Yard area which are currently under consideration by the General Services Administration. Close consultation with the JCP will be maintained on this matter. Any actions on the RRC will be proposed in terms of a measured response which avoids the interruption of services to client agencies as well as any destabilizing effects on GPO's workforce.

We will be looking at options to upgrade GPO's buildings and the efficiency of their use, not only in Washington, but in the regions as well. The JCP recently approved two actions for the relocation of regional operations, and we think these changes will be beneficial. We have also initiated efforts to determine the future of GPO's operations at the Union Center Plaza facility on North Capitol Street, in view of the upcoming renewal date for the lease on this facility.

As I told the Senate Subcommittee on Legislative Appropriations in April, we also are going to examine the future of GPO's location in its present Central Office plant facility. This issue is dependent on a variety of factors affecting GPO's future operations, including equipment configuration, workload, and related issues. In this as on other issues, we will fully involve the guidance of the JCP.

Reducing the costs charged to GPO's clients in Congress, Federal agencies, and among the public is another area for GPO action. We have already taken steps to

address the issue of weekend overtime and other uses of overtime in production operations. This area was highlighted in the GAO's draft report. It is a great concern to me, and it is currently being reviewed.

Another task will be to look seriously at opportunities in both the Central and regional printing plants to reduce costs and increase economies of scale by limiting the types of printing done in-house to increase economies of scale. This was suggested by the GAO draft report.

We intend to commence an analysis of GPO's internal cost control and accounting systems, to ensure that GPO's prices accurately and fairly reflect costs. This effort will be aided greatly by the results of the on-going GAO audit of GPO's FY 1989 financial statements, as well as the recently announced GAO effort to review the allocation of GPO's overhead costs.

As you know, we also have taken steps to review the pricing of Government publications offered for sale to the public through the work of a Task Force on Pricing, and through the implementation of an experimental method for calculating a reduced handling cost on certain high-volume sales titles.

Improving Quality. The GAO draft report discusses the need for GPO to improve the quality of our in-house work, particularly the *Federal Register*, as well as take steps to ensure the quality of contracted work. Statistical evidence shows that GPO generally has a good overall record on quality. However, there is still room for improvement.

One objective I have established calls for GPO to improve its liaison with client agencies on GPO's quality assurance program, where I believe there needs to be greater dialogue. We will also look into the reasons for quality differentials between GPO in-house work and procured work, and remedy the reasons for these differentials. Equipment modernization as well as a more rigorous application of engineered standards to the performance of in-house work will have an impact on quality, particularly on Congressional work, as the GAO draft report noted.

I also found the GAO's discussion of a Total Quality Management (TQM) program for GPO to be quite interesting, especially in view of information I have obtained about a forthcoming Government-wide policy on the TQM concept.

Improving Timeliness. Statistical evidence on the timeliness of GPO work is also generally good. At the same time, however, the GAO's draft findings, as well as other indications, point to the need for improvements in this area.

Under another objective I have established, we plan to address opportunities for smoothing the workflow at GPO's Central Office and regional plants, encourage realistic delivery estimates for all work, explore the potential for limiting priority work for in-house production through improved scheduling, and work out better systems with our clients for notifying them of and explaining work delays. I think the GAO draft report makes a number of constructive suggestions in this area.

Responsiveness to Clients' Needs. The GAO draft report devotes considerable attention to the need for GPO to be more responsive to client requirements for information on job status and scheduling, and to upgrade its estimating and billing systems to prevent discrepancies and provide more accessible methods for resolving complaints. While GPO has expanded client access to automated job status systems in recent years, the draft report notes areas where that access can be improved. The draft also discusses potential improvements to GPO's estimating and billing systems.

I have established an objective to improve these systems to provide clients with better, more accurate, and more timely information.

Agency/GPO Working Groups. I have made it an objective for GPO to work on establishing stronger cooperative relationships between agency printers, publishers, and finance officers. To implement one feature of this objective, I have arranged for the establishment of several working groups comprising representatives of GPO and member agencies of the Interagency Council on Printing and Publications Services (ICPPS) to explore issues pertaining to in-house work, contracted work, GPO responsiveness to client agencies, and GPO's Sales Program. These working groups are addressing an agenda submitted by ICPPS member agencies which closely resembles the issues raised by the focus groups used by the GAO.

The groups are to report their findings back to me and the ICPPS by early September. Rather than becoming forums for debate between GPO and client agencies on the adequacy of GPO's products and services, I think these working groups offer real opportunities for the development of constructive improvements to GPO's programs.

At the same time, we are going to expand our marketing and client service programs which are aimed at providing pre- and post-publication assistance for client agencies, and to keep abreast of agency electronic technology applications to better

identify opportunities to meet their needs more effectively. A special focus of this effort will be in the area of CD-ROM technology, to assist both agencies and the library community in utilizing the benefits of this technology through GPO programs.

MODERNIZING GPO'S OPERATIONS

My second major goal is to modernize GPO's operations. I share the JCP's longstanding concern that GPO's operations need to be modernized to meet the rapidly changing requirements of Congress, Federal agencies, and the public for efficient, effective, and economical products and services.

As I have noted, we have already begun the process of re-evaluating a wide range of GPO capital investment proposals that were pending before the JCP, to establish new priorities for investment in plant and equipment.

Record Press Replacement. Some of those proposals are well known, particularly the one for the replacement of GPO's letterpress web presses used for the production of the *Congressional Record* and the *Federal Register*.

I am not satisfied at this point that the alternative which has been proposed previously is the best replacement proposal. Accordingly, we will be evaluating a variety of alternatives for the replacement of these presses in view of a number of different factors which I do not think have been adequately explored to date.

Other Modernization Objectives. Other modernization activities will include continued movement toward improving cost-effectiveness at the input or pre-press end of the printing process by continuing to encourage electronic submissions of text and data. In addition, we want to improve other conventional printing processes with electronically-enhanced equipment to automate labor-intensive functions wherever possible.

Impact on Employees. The prospect of modernization sometimes carries with it the potential for occupational dislocation. GPO has a good record on incorporating new, cost-effective technology into its operations with only a minimal impact on its workforce. Accordingly, a central component of GPO's modernization process will be to always remain mindful of the potential effect of new technology on our employees.

We are also going to improve training and education in electronic technologies to facilitate the transition of our workforce to one that is built increasingly around electronic technology skills. That is certainly not an objective that can be accomplished overnight, but efforts in this direction must be strengthened.

DETERMINING GPO'S FUTURE ROLE

The majority of the goals and objectives I have established for GPO in the coming years speak to improving the performance of GPO's current mission. Yet GPO is in the midst of a fundamental technological transition affecting both Government and industry. Printing and its role in the execution of Federal information policy are changing rapidly. As a result, I believe that GPO, with JCP guidance, must determine and then aggressively pursue GPO's future role as a reproducer and disseminator of Government information. This is my third major goal. It is also a primary conclusion of the GAO draft report.

Under the guidance of the JCP, GPO has already made substantial progress in determining its future role. JCP resolutions, such as those regarding the dissemination of electronic formats, have been important to operational improvements. I agree with the JCP that the legislative history of Title 44 indicates a significant presumption of authority for GPO to be active in the provision of electronic formats, and I also concur with the 1989 opinion of GPO's General Counsel regarding the dissemination of electronic formats to depository libraries.

Pending Legislation. The past year has seen a considerable amount of legislative activity affecting the status of Title 44. We are continuing to work with the Committees responsible for this legislation to ensure that improvements are made to statutory language which are appropriate to GPO's involvement in the electronic era. While the outlook for two important pieces of legislation impacting GPO—the reauthorization of the Paperwork Reduction Act and the GPO Improvement Act—is uncertain at this time, we will continue to participate—indeed, to expand our participation—in the electronic technology field toward the improved performance of our mission.

Maintenance of the Federal Printing Program. At the same time, as I noted previously, we will continue to resist efforts to disestablish or decentralize the Federal Printing Program. It is important that a high visibility be maintained for the public policy benefits of this program.

Strategic Planning. The GAO draft report addresses the critical need for GPO to have a comprehensive, *usable* strategic plan to guide its activities in the future. The GAO is accurate, I think, in describing the deficiencies of previous GPO strategic planning efforts.

I believe it is incumbent on GPO to devise a strategic plan to guide product and service provision in the coming years, as well as the subordinate functions of budgeting, workforce planning, capital investment, marketing, and other organizational initiatives. A plan is also necessary to communicate to the JCP, Congress, Federal agencies, and the public the directions in which GPO is headed and how it plans to get there. This is the direction in which GPO's current strategic planning effort is moving.

GPO MANAGEMENT ACTIONS

Since taking office, I have taken a variety of other management actions which should be of interest to the JCP, and which I would like to briefly summarize. These actions follow the overall direction I have set for GPO.

Depository Library Program. I have made it a priority to elevate the Depository Library Program's level of visibility not only among the public, but among Federal agencies as well. The actions we have taken in this Program over the last several months are appropriate to GPO's role as administrator of that Program, and indicative of my intention to improve the level of product and service provision throughout GPO as a whole.

As a major focus of that commitment, we are acting to provide depository libraries with access to information in electronic formats. I have directed that the so-called "pilot projects" currently being conducted by GPO be moved out of the test phase and made an operational reality at the earliest possible date. We have a new staff member in charge of the Library Programs Services' Information Technology Program, whose tasks will include a more aggressive outreach effort to bring new Government publications in electronic formats into the Depository Library Program. We have applied for and have received access to Project Hermes, a system for making Supreme Court opinions available electronically to depository libraries. And we also plan to build an electronic bulletin board system for libraries for transmitting Program information.

We are moving forward on other fronts as well. The alkaline paper plan, which was prepared at the direction of the House Committee on Appropriations and in cooperation with the JCP, is currently being implemented. I am pleased to note that this joint JCP/GPO effort received substantial publicity and is being praised as a positive Government effort to deal with the problem of deteriorating Government publications.

We have also released the guidelines to agencies on publications that should be included in the Depository Library Program, a step which should help to ameliorate the "fugitive" document problem. There is a new staff member of the Depository Distribution Division whose job will be to concentrate solely on reducing the instances of "fugitive" documents.

Finally, we are currently developing comprehensive plans to deal with the problems being experienced by librarians regarding the distribution of the bound *Congressional Record* and other important publications, such as *Foreign Relations of the United States.* These plans will be discussed with and submitted to the JCP in the very near future.

On the horizon are even broader tasks for the Depository Library Program, including an exploration of how the Program might be restructured in a manner that would be more conducive to this electronic era.

Other Management Initiatives. In another area, I have directed a comprehensive evaluation of the status of the *Commerce Business Daily.* The rate of subscriptions to this publication has declined markedly over the last several years, apparently as the result of effective private sector competition. I directed that an analysis of this situation be conducted in order to devise an appropriate plan for the continuation of this publication. That study and options were delivered to me last week, and I will make their results known to the JCP following my evaluation of it.

I have also coordinated, with the Director of the National Technical Information Service (NTIS), the establishment of a formal working group between GPO and NTIS to explore issues of mutual interest to our organizations, toward the development of cooperative measures that can be undertaken to improve the provision of Government information to the public.

We have participated in a study conducted by Dr. Charles McClure of Syracuse University for the Office of Management and Budget, concerning the future of the

Federal Information Locator System (FILS) and GPO's role in that system. We are interested in the contribution GPO's Cataloging and Indexing Program can make to improving the accessibility of Government information products and services to the public. We have not yet seen the results of that study, which was to have been concluded late last month.

Since taking office, I have held a number of discussions with JCP staff on specific improvements that can be made in GPO operations. I have appreciated the insights gained from these discussions. A key issue we have discussed is the need to reach an accommodation with GSA regarding the application of the Brooks Act to GPO's electronic procurements. I do not think that GPO's former approach to this issue—requesting legislative clarification of the Brooks Act as it pertains to GPO—was either well-defined or effective. Instead, I think the matter will be better resolved through continued discussions between the JCP, GPO, and GSA, and that is the direction I intend to pursue.

NEW MANAGEMENT TEAM

To date, I have taken a number of steps to assemble my management team. As is well known, I have chosen Mr. Richard Barnett, who has 15 years of experience in Congressional and Executive branch positions, to serve as my Chief of Staff. This is a position of critical importance to me.

You know also that I have appointed a new Inspector General for GPO, Mr. Lewis Small, who comes to GPO highly recommended following a 21-year career with the Federal Bureau of Investigation. I have some definite ideas about the operations of the Office of Inspector General that I have shared with Mr. Small that will, I think, improve the conduct of that operation.

And you know that I have been fortunate to acquire the services of the General Counsel of the JCP for the last 10 years, Mr. Anthony Zagami, as GPO's new General Counsel.

I am pleased that these outstanding individuals have agreed to join my team. My search for other qualified and talented management officials is continuing, both within and outside GPO, and I expect to bring it to a conclusion before much longer.

CONCLUSION

Mr. Chairman, once again I appreciate this opportunity to provide the JCP with my comments, preliminary as they are, on the GAO draft report, and to formally provide you with an outline of the goals, objectives, and the kinds of management actions I intend to pursue while I am Public Printer. I believe that when it is finalized, the GAO assessment of our operations will serve a highly useful purpose at GPO, and I look forward to continuing to work with them.

I also look forward to the continuation of a cooperative working relationship with the JCP which I think is already well-established, and to the benefits of the JCP's guidance. This concludes my prepared statement. I will, of course, be pleased to answer any questions the JCP may have.

The CHAIRMAN. Thank you, Mr. Houk. I have got some fairly tough questions. They are not as tough as I could make them. I imagine that some of the questions will relate to the time prior to your—ascension? See, there I go, Southern English again.

In the past 6 months, GPO has raised its rates an average of 22 percent. Can you cut rates? Are you in a position now to cut rates?

Mr. HOUK. Let me state that rates, of course, recover costs. The increase took place in the fall of 1989 7 percent, in January 1990 15 percent. This occurred, of course, before I was confirmed. This increase played catch-up since the last general rate increase was in 1987. It recovers, however, only the labor rate increase in June and the additional white-collar labor increase in July.

Previous to this, we had been working on a 2-year reflection in the rates, a reflection of costs. The last period was extended to 3 years. This was upon the advice of GPO management. I think they thought they were reflecting the position of the JCP leadership.

We are not only not going to return to the 2-year period, we are going to turn to an on-demand period, meaning that we caught up

in the third year of that 3-year period, and that catch-up was reflected in these current rates. We have reflected in those rates in January only the labor increases in June and July, as I mentioned.

The CHAIRMAN. And that is 15 percent?

Mr. HOUK. No, sir. The labor rate in June in the crafts was . . . .

Mr. ARENDES. The crafts was 3 percent that went into effect.

The CHAIRMAN. Yes, but you increased rates 15 percent.

Mr. HOUK. We increased them 22, 7 and . . . .

The CHAIRMAN. Seven in December and 15 in January.

Mr. HOUK. Yes, sir.

The CHAIRMAN. You said the January increase reflected the increase in salary, I guess.

Mr. HOUK. The June and July figures. But I want to point out that is the only projections we have included in those rates.

The CHAIRMAN. All right.

Mr. HOUK. Now, you asked the question can I reduce rates. In the improvements that I am addressing and hope to implement, when those improvements reflect a decrease in cost, the rates will be changed immediately, and they will be changed from now on on an incoming period rather than determining rates over a 2-year or even a 1-year period. So that is a change already implemented in our operation as far as determining rates.

Now, let me go on to say that they do appear high, but it was necessary. To roll it back would lead to under-recovery of costs, eat into the revolving fund and our reserve earnings, and jeopardize our ability to make necessary capital investments. I am sensitive, however, to the concern about this increase. However, we are looking at particular areas hit by the increase, especially details to Congress for possible reconsideration. Also, we are looking at alternative ways to impose the surcharge on rush work that would alleviate price impacts on customers. We will be talking with the JCP leadership about this.

In other words, we would first get a recognition, an approval, an authority by the agencies to apply the surcharge, and therefore guarantee that they knew it was coming and that could impact on their estimates and their budgets. In the future, cost-reduction activities will be designed specifically to impact on the rates.

The CHAIRMAN. In the past, GPO has not formally notified its users when a rate change was about to occur. Are you going to change that policy, or are you going to continue it?

Mr. HOUK. No, sir, we are going to change that policy. Responsiveness to our clients is an important objective of our new approach to our clients' need for information. This information would be highly useful to them in planning for printing work. So I can guarantee you, as those rates change, they will be notified immediately.

The CHAIRMAN. Fine. I had some problem with the Public Printer, Mr. Kennickell, a very hard time acquiescing to his appointment. Then I find something that is very distasteful to me. I am told, and I think it is true, that Mr. Kennickell gave over a million dollars in one year as bonuses. The bonuses were to those that he had appointed and brought in as assistant printers. A million dol-

lars in one year, giving a $10,000 bonus to an individual and some received two.

Now, I want to know if you are going to continue this policy, and if you could tell me where Mr. Kennickell got the money.

Mr. HOUK. Well, first of all, I cannot tell you where Mr. Kennickell got the money. I do not know the justification for his actions. But I can tell you I am not paying out any bonuses. I have reduced the budget for awards consistent with my belief that real performance must be demonstrated in order to qualify for them. Monetary awards . . . .

The CHAIRMAN. You are going to continue bonuses based on—or raises. You just said that you—back up a little bit there and let me be sure I read your lips right.

[Laughter.]

Tell me what you are going to do. Just back up that answer one paragraph there and tell me what you are going to do.

Mr. HOUK. If anything in previous times was identified as a bonus, I do not honor that interpretation and will not pay any bonuses.

Now, I have also looked at the awards program to make sure that if there are awards under legitimate Government systems, they must be based upon real performance, and they must have demonstration that they qualify.

But let me go on, Mr. Chairman. Monetary awards for employee merit and achievement of agency goals and objectives will not be ruled out. Awards for devising cost-saving methods, particularly . . . .

The CHAIRMAN. I have no problem with that at all.

Mr. HOUK. And I would like to point out that we had one employee who through a recommendation saved the Health Care Finance Administration over $23 million in postage costs, and another one of our employees through a recommendation saved Congress over $600,000 on printing.

The CHAIRMAN. You ought to give that fellow 10 percent and let him retire.

[Laughter.]

Mr. HOUK. I can tell you, Mr. Chairman, those employees will receive monetary awards for their effort, and I believe you would think that would be all right.

The CHAIRMAN. Absolutely. Is it your objective to get all GPO's Washington operations under one roof?

Mr. HOUK. As you know, we have several facilities in the DC area. We have the central office. We have space across the street down the block at Union Center Plaza. We have the RRC at the Navy Yard. We have the Springbelt warehouse. We have the Laurel warehouse. We are paying lease costs for these places and incur other costs—transportation, et cetera. The idea of consolidation into one facility is very worthy of exploration to reduce these costs. Now, any consolidation, however, would have to achieve cost reductions while avoiding the undue interruption of GPO services, as well as any destabilizing impact on the GPO employees. But to answer your question directly, consolidation is a valid and important consideration.

The CHAIRMAN. To what degree do you lay the problems of the Rapid Response Center at GPO's management doorstep?

Mr. HOUK. I am aware of higher costs, declining productivity, and poor financial performance of the RRC, and I place the responsibility for those items solely on GPO management. We can't lay these at anyone else's doorstep, and I don't intend to do that.

This is an inefficient operation at the moment that we want to reconfigure. The prospect of space changes to the Navy Yard, which are currently being demanded by GSA, requires us to get moving on a plan for reconfiguration. And we would hope to work with you and the JCP closely and keep you informed on our efforts in this matter.

The answer is it is management's responsibility.

The CHAIRMAN. You recently visited the Rapid Response Center at the Navy Yard. What did you find there?

Mr. HOUK. Well, frankly, I found good citizens trying to do their best within the situation. I found a bright and clean plant. I found very little work. Frankly, it was depressing. I didn't get over it for a couple of days. I come from the private sector where such a situation simply would not be tolerated. So that is what I found, and I intend to address the matter.

The CHAIRMAN. What steps have you taken on weekend overtime? I am banging you here now. I am going to look at you again in 6 months or less.

Mr. HOUK. It will be my pleasure, Mr. Chairman.

The CHAIRMAN. I hope so.

Mr. HOUK. I can tell you I have already directed the curtailment of all overtime used by GPO administrative areas unless it is absolutely critical. That has been in place for about 3 weeks now. We have had three briefings, and we are having an ongoing review of the use of overtime in production. We intend to halt, if present, any abuses of overtime if we find them.

Now, other measures will include exploring alternative ways to perform work, like alternative work week plans, improving the scheduling of work internally, and closer coordination of printing needs with Congress and Federal agencies to smooth the work flow at the plant; possible limitations on piggyback overtime, overtime used by production support functions, such as engineering, security, and materials management, and possible limitations on supervisory levels that are paid overtime.

We are currently addressing those, and we would be pleased to stay with you in reporting those successes over the next 6 months.

The CHAIRMAN. Fine. The Navy is contesting your billing for fiscal 1989, I believe it is, and one of the Navy's claims is that GPO won't permit it to look at GPO's record to see how the charges are made. Is it your plan to open the books when an agency has this kind of a problem? Or do you intend to continue the procedure in the past?

Mr. HOUK. I don't intend to continue the past procedure, but I am not so sure I am prepared to "open the books." Let me say this: We will be happy to make all information needed by Navy available to them to resolve billing problems. We want to be responsive to all client agencies which have questions about GPO billing and resolve those questions to their satisfaction.

On permitting Navy auditors to audit GPO, I am reluctant to make any promises on that at this time because this would be an unusual precedent.

The CHAIRMAN. And GAO can do that for us.

Mr. HOUK. Yes, sir. I think Navy can be accommodated, however, by a more positive GPO approach to resolving any dispute that exists. GAO is currently looking at GPO's treatment of prompt payment discounts, partly with regard to the Navy. I can't comment on the treatment of these discounts until I get the results of the GAO review on this issue.

The CHAIRMAN. You mentioned I believe in your statement a supervisory reduction. Do you have a goal for reducing the number of managers at GPO?

Mr. HOUK. I think I agree with the observation that there is sufficient evidence to indicate that there may be numbers of levels of the supervision among the GPO areas that are inappropriate, including the production area. I think they are too high. We will be reviewing this with the objective of restoring these to appropriate levels. I would respectfully request that any numerical goal be delayed until my study is completed.

The CHAIRMAN. That is fine. I can understand that. One of the Committee's objectives, Mr. Printer, has been to reduce the time it takes GPO to buy a particular order for printing. Are you moving in that area? Are you making any changes there so that it might be expedited?

Mr. HOUK. In fact, we acknowledge that we have received the proposal and are reviewing the proposal devised by a JCP staff member for reducing the time on negotiated procurements.

On other matters, the GAO report speaks to the length of time taken to procure small purchases. We will be assessing this, too. I would declare that they probably have 2 or 3 days too long in that process.

There are indications that there are holdups in the administrative processing portion of the time an order is requested by the time it is placed in procurement and returns back to the client agency. I think it is the administrative processing time that is where the obstacles are, and we will be addressing that and have started that analysis already.

The CHAIRMAN. You used a word that I want to ask you to define for me. You said you will be "mindful" of the effect new technology will have on employees. What do you mean? What does mindfulness do to protect these employees?

Mr. HOUK. In this transition, in this changing environment where you are moving from one orientation to a new orientation, this means that we will be required to provide the necessary cross-training and retraining opportunities to provide our employees with necessary skills to operate in this movement towards new technology. I think you would admit that we have a good record in this area, evidenced by the transition from hot metal to electronic photocomposition which occurred in the 1970's.

We recognize that employee skills are valuable. In fact, we are going to be competing in the Washington area for skilled employees. We don't want to lose the contribution these skills can make for us with new technology. So I think that was my implication

there. We will be ever mindful that they are treated fairly, humanely, and respectfully.

The CHAIRMAN. Do you have any plans to modernize GPO's text processing and typesetting systems?

Mr. HOUK. It is generally accepted that with the commencement of the installation of rather sophisticated equipment about 5 years ago, that GPO vis-a-vis the printing industry in the United States is an extremely sophisticated and modern function vis-a-vis electronic composition and electronic technology transmission of information. I can tell you we are already looking at the new generations, and we have plans to address them with you about procurement of necessary equipment. But I would say that another emphasis is in the software development, the movement of information from the Hill vis-a-vis the two installations up there, the computer centers, moving information through the fiber optic lines into our new approaches to formatting and electronic composition.

We are bringing on board, I can tell you, a new person who has in their background heavy emphasis on information dissemination processes using electronic means. The new deputy who is arriving on August 15th is very strong not only in financial analysis but in electronic composition and electronic technology. So I think that may address your inquiry.

The CHAIRMAN. Mr. Houk, I have not been known as a "greenie" around this Congress since I have been here, but I have worked with you and we now have printed a *Record* with recycled paper. Is it true that you have now let your first bid for recycled paper? What have you been able to accomplish?

Mr. HOUK. You mean vis-a-vis the *Record?*

The CHAIRMAN. Yes, and other things that you . . . .

Mr. HOUK. Well, we are certainly way ahead of the line on use of recycled papers in our printed products other than the *Record*. The only delay in the *Record* was that we had to find sufficient private sector suppliers who could provide recycled fibers in newsprint.

As you know, we use newsprint or varied forms of it for production of the *Record* and the *Register*. It appears now that the private sector is responding rather favorably, and we have, in fact, placed our first requirement for newsprint, including a substantial amount of recycled fibers, so we are moving ahead finally to get it for the *Record.*

The CHAIRMAN. Are you finding that the cost of recycled paper is beginning to decline?

Mr. HOUK. I do, sir. There is no reason to pay a premium for recycled paper any longer. In fact, we may even find competitive forces developing to the point that, as you implied, the price may be dropping.

The CHAIRMAN. Thank you very much.

I am sorry I took so long, gentlemen, but I had some things I wanted to get on the record.

Congressman Bates?

Representative BATES. Thank you, Mr. Chairman. I thought a lot of your questions were questions that we would all ask and I appreciate your taking that time.

The CHAIRMAN. Thank you.

Representative BATES. While I am pleased to welcome our Public Printer here, and I know he is kind of walking into a series of problems, but I think it is not unique to this agency or function of government.

I am particularly interested in electronic mail and information services and was particularly pleased that you are bringing on a deputy who will have some experience to focus on that.

I would anticipate and would be interested in your plans to do more than just bringing on that deputy, but integrating in the total operation, a long-term plan and risk management and strategic planning on how we move more into the electronic age and even the wiring of the fiber-optics would be very exciting.

As you know, we are looking at legislation on Title 44 that will facilitate that, and I am looking forward to Mr. Roberts' support on this legislation. But I would be interested in sort of the next step in terms of your management of this issue, if you have formulated those plans.

Mr. HOUK. We have not completed the formulation of the plans, because they are going to play a role in the strategic planning process, which we have already commenced at the GPO and that would play a vital part in that process.

As you probably know, we are currently forming the organizational structure and manning to proceed with a rather substantial strategic planning process.

Other than bringing in the human resources that will deal with this new technology in an enhanced way, we already have in place career people with extreme abilities and capabilities and we are going to enhance those with some used from the private sector.

Electronic technologies not only impact the internal administration of the GPO, the internal management information processes, but they also impact, as you know, and you have taken an interest, in electronic formats and printing and publishing and providing products to our clients.

We have the five pilot projects that came out of the initiation of the chairman, they are proceeding on course. I did issue a memorandum within the last 3 weeks, suggesting that they be brought to fruition rather quickly, that they be brought to an operational state and put into operation as soon as possible.

As you know, we petitioned, on my initiative, luckily in time to receive one of the slots of the Supreme Court, to be provided, the slip opinions immediately electronically. We have transformed that into an electronic bulletin board within the GPO, which allows the library community and other interested parties to address that by wire transmission right into our office. That is already in place.

Representative BATES. I was aware of that.

Mr. HOUK. And I appreciate your support for that.

If you do mean to also pick up on Congressman Roberts' views, I can say to you, sir, that your idea about transmitting information, that we have already put into a data base vis-a-vis our own electronic composition capabilities in the GPO, taking that stored data, making it available to on-site in a Congressman or Senator's environment, so that he can pull the *Record* up immediately that morning.

We could also potentially provide a data base that could be attached to some new electronic technology reproduction facility right down the hall, where you could get at least two, three, four, five, six *Records* on demand in printed form, and then it would allow us to follow up a day or two later with the by-law distribution and the greater distribution of the printed copies. That would result in a dramatic reduction in the total press run, it would allow still the information to be available to you immediately that morning.

So, the heart of this matter, then, is one that we continue to improve in the sophistication of our ability to gather the information from the Hill, put it immediately into some data stored format, so it can trigger the on-line presentation in your office, it can be used, as I say, for the thrust to do on-demand printing in your environment, and then us follow later with the general press runs. That takes out this domino effect, potentially, and I do not say we can do it tomorrow, but it is there, we can see the ability on the table today.

The domino effect is you remove the time-crunch sensitivity on the reproduction of the *Record* that now impacts overtime work, overnight work, and you can do your scheduling better.

In the issue of overtime, if I can just spill right into it, is that it is the scheduling and it is the demands made by the Congress. We do not say that there is not an advantage taken by a systemic presence by that demand, and we expect to address those. But until we address directly the—and if Congress decides that is their need, Congress is our boss, we jump when Congress says snap, and if they want the *Record* there the next morning, they are going to get the *Record* the next morning. Until we get their cooperation to remove the time-crunch element, we will not be able to proceed to more effective scheduling.

Representative BATES. A very good answer. Thank you.

I had two other questions. Actually, I had the questions that I asked in my introductory remarks and I had not specified that I would like those answered in 30 days.

The CHAIRMAN. Let me ask my friends here, if we leave the record open for 30 days, will that be sufficient time? I will have John see that these questions are out and they get back and we will leave the record open, then, for 30 days, so we will do that and we will make that announcement later.

Representative BATES. Okay. Then I had some prepared questions here and they have to do more with getting into the detail of the draft. But just as an overview, and I am not sure you have had time to read and digest this in detail, but I would be interested in the areas that you might dispute the findings of this review or where you might be at odds with what they have concluded, if there are any areas that you would want to bring out.

Mr. HOUK. I am not at odds with any issue the GAO found. I am simply at odds somewhat with the dimension of it, and I do not want to even waste your time or mine on dimension. I think they have addressed important issues. I think they are legitimate. I have no problem with their legitimacy.

I have a little concern on how they arrived at it or the causation of the issues, but that is incidental. I intend to deal with the issues and I think they are legitimate.

Representative BATES. Okay. With your—is it ascension?

Mr. HOUK. Yes.

Representative BATES. I am trying to learn your southern talk.

The CHAIRMAN. Senator Hatfield said sentence.

Representative BATES. Okay. Either way.

The CHAIRMAN. But I think it is a little bit of both.

Representative BATES. All the problems that you face and all the changes and the changes that are being forced on us, because I think it is really clear to everyone that all around the Government Printing Office is an explosion of activity, in terms of printing and electronic format and informational services, and that we have got to move quickly and effectively to get into the 21st century—the 20th Century, I guess, before the 21st century arrives.

In any event, in spite of all of this, how is morale or how is the general feeling of personnel there? How are they taking to, you know, the pressures and criticisms and challenges?

Mr. HOUK. I have been in a process since arriving as the new Public Printer, I have now shook hands and talked personally with at least 4,700 employees. I have a few to go. I have a 2-hour tour this afternoon, and I complete my final one tomorrow.

I really like the people at the GPO. They are very friendly, they are very alert. They are glad to see me and I am happy to see them. I see no indication in the basic employee groups of the GPO of any lack of morale or good feeling. They are very proud of the agency.

Now, any employee group that is facing a transition, a period of uncertainty, is somewhat sensitive to that, but they certainly have not reflected it yet in their enthusiasm and their vitality that they express to me on my tours.

Perhaps, warranted or unwarranted, time will tell, maybe the middle management and upper management might be experiencing a few pangs of anxiety, which is not unusual upon the arrival of a new Public Printer, especially one who has demonstrated in his career that he kind of moves out and gets to the chair, finds the bulls-eye and makes the changes. I think that they will receive the same consideration I would apply to employees vis-a-vis the impact of potential dislocation or new technology. But other than that, I would find the morale high.

Representative BATES. Thank you. It is encouraging and I want to pledge to you my support to help bring Congress' support to accomplish the goals that you have set out here that I think are necessary.

Thank you.

Mr. HOUK. Thank you, sir.

The CHAIRMAN. Thank you.

Congressman Roberts?

Representative ROBERTS. Thank you, Mr. Chairman.

I truly appreciate the opportunity to visit with the new Printer and welcome him aboard. I was not here when the question was asked, and I beg the indulgence of my colleagues, on the business of 28 percent of the total paper used by the GPO was wasted or

spoiled. As I have indicated before, being in the weekly newspaper business, I just do not understand that.

I understand that it was not spoilage of the products, so much as a problem with the process. In 30 seconds, can you tell me why on earth we hit the 28 percent figure and what we are doing to prevent that?

Mr. HOUK. Well, let me say right off the top that, rather than question the GAO findings, I simply think we are probably going to find that we are not comparing apples with apples.

Having said that, coming from the private sector, I am familiar with what you call waste, and that requires a definition of itself within any printing environment. Certainly, 12 to 15 percent, depending on the ingredients you use, would be applicable to the usual printing environment in the private sector. You deviate from that percentage when you go into specialties or in services that are unique or extraordinary to the average printing plant.

We do that in the in-house production, so, therefore, in my judgment, you could account for maybe a movement upward to 22 percent, maybe 23, to describe the unique features of the GPO in-plant production, which is a job shop orientation—put it on, pull it off, put it on, pull it off, get this on, get this out. In doing so, you tend to increase your scrappage rate and pre-press setup and things like this, as you probably would know.

The other thing is, the agencies often or the clients often change the quantity they want after the paper is ordered for the press run, and when that is the case, you order the roll stock to the size for the run, you then have to pull out of storage, from a master roll or a larger roll, and you may experience a 1- to 10- or 11-inch wastage on one side of the roll in order to get the additional quantities out.

So, those unique features would account for maybe a raise from 12 to 15 percent to 22 percent, 23 percent. The remainder is being addressed. It probably comes into the movement or material handling of the paper. You have got it sitting in Springbelt, you bring it over to the building across the street, you bring it in on a freight car, you take it down an elevator, you bring it under the street, you bring it over to the press room, you bump this place and you bump that place, and you are going to get a lot of percentage increases in waste due to material handling.

It is not a result of inefficiency on the part of the operator or the person moving it. It is simply inherent in the configuration of the building and in the use of fork trucks. I would estimate that it is probably four to five times more handling in the GPO vis-a-vis its material handling than in the private sector. The rest is simply unacceptable and will be addressed and eliminated.

Representative ROBERTS. Mr. Chairman, I think that is an extremely important point and a very good answer. If, in fact, we had a modern plant, as you have suggested for many years, and if, in fact, the mission of the GPO was streamlined and more in keeping with modern technology, I think the 28 percent figure as used by the GPO would be more along the lines that have now been stated by the Printer. And it is these kinds of things that pop out of the woodwork that make an excellent news story. I commend you for your explanation and hope we can get that down to a reasonable or negligible kind of percentage.

The Chairman has indicated his interest in the retraining, the staff training, in light of new technology, and I note that, according to the GAO, 40 percent of your current staff will be eligible for retirement in the next 5 years, which really makes that a priority item.

Is this a problem and, hopefully, is it an opportunity especially with electronic transfer and your new deputy coming in? Forty percent in 5 years is a tremendous amount.

Mr. HOUK. I think I agree with you, Congressman, that it is both a problem and an opportunity. In those GPO areas where there is not much future, meaning in those areas where items of technology may not impact, it is an opportunity, because we will have attrition taking people out. As technology comes in and warrants a reduction in the amount of people applying for a given activity, if that can be balanced with people going out, that is an opportunity. In those areas where there is a future, it is a problem. It is also a problem in key production areas, and it is necessary and critical in the area of congressional requirements, for example.

We are going to have to strengthen our workforce planning function to review this issue. For some reason, I am not privy to—workforce planning was delayed a year or so ago to maybe emphasis on the part of the upper management to address, maybe the Federal Institute for Printing and Publishing, when we were trying to address the weaknesses in the agency staff, and knowing how to get their requests transmitted to the GPO, and the election was to have that workforce planning group address that issue.

I have already taken action to restore workforce planning as a vital and important priority item, and it will be also reflected in the strategic planning operation.

Representative ROBERTS. I commend you for your activity in shaking the hands of 4,700 or whatever it is in terms of employees, and I think that is an outstanding example of good management. Back in—it might have been 1982, perhaps 1983, some of us were invited to go over to the GPO and tour the plant. That is the only time I have done that, and we should do it on a more frequent basis.

In one room, there must have been 75 to 100 employees, whose function or whose job, quite frankly, was no longer needed and they were in a retraining mode. It was impressive until I went inside. I got off the tour and sort of stayed behind and went inside.

There was a fellow, about 6-foot-4 and about 230, who probably played pulling guard for your football team, Mr. Chairman . . . .

The CHAIRMAN. No, yours, that is the one you won.

[Laughter.]

Representative ROBERTS. He was sitting there in front of a computer and his fingers were about four times as big as the keyboard and they were going through a drill much like, as I recall back in my days, in the thrilling days of yesteryear, when you went to typing class, et cetera, et cetera. He was trying very dutifully to bring himself to speed. So I just asked, "How long have you been involved in the training process?" He said "several months." I said, "What do you anticipate doing when you finish this course?" He said he didn't know. I said, "What are your prospects? How do you

feel about this?" He said, "It's your world, man, I'm just living in it."

[Laughter.]

Now, I was not very enthusiastic about that gentleman's prospects and I have always wondered whatever happened in that regard. I do not know if he is still there in the retraining program. With all due respect to our folks in the union movement, I just wonder, in terms of those dictates that we have to continue the purgatory here. I would like to see that person retrained and find a job, if not in the GPO, in some other area, like everybody would. But I hope these retraining programs are not simply an extension of the long march that will never end. Would you care to comment about that at all?

Mr. HOUK. I would hope that the individual involved had revised his attitude, increased his proficiency and is now employed fully as an individual in the classification for which the training was designed.

Representative ROBERTS. I think that we probably ought to stop right there, for all good purposes.

[Laughter.]

Mr. HOUK. On the other hand, since your observation was made when he was 2 months into probably a year or more of a training program, we probably, if we found that he was incapable or unable to accommodate the training, he is probably doing some more productive work somewhere else.

As far as the union is concerned, I have no expectation but cooperation with the union in helping us identify the best we have for a specific technology and to provide those who lack that capability to find useful work in other activities.

I think it is a major issue. We do have a lot of employees in backup training. It is probably because we are in this transition mode, from a certain orientation that is diminishing and fading slightly. It certainly will be required for a number of years, but it does not compare to the explosiveness of what is occurring on the technology scene. So, we are probably moving a lot of folks from areas where their comfort zone was a little more accommodating to something that is strange and inappropriate.

So, I think we probably would have to increase our training also of the management in dealing with this aspect of the human cause, and I intend to have done that. I think we probably are doing more training on the employee line than we are on the management line. I think we are going to have to bring our management and our middle management on-board to understand how to manage technology and how to manage people who are employing technology.

Representative ROBERTS. I am very glad you raised that point. It seems to me that, as you go down a number of employees at the GPO and you look 10 years ago or 15 years ago or whatever, and you see there were 10,000 and now at 5,000 or whatever, and yet the management level stays the same, complete with bonuses. You know, that is not right here, and I commend you for your answer.

Would you believe that GPO treats agency customers differently now than it would if customers could choose between the GPO and other means of meeting their printing needs?

Mr. HOUK. Perhaps in the past the GPO clients may have been treated from the awareness by the GPO employees that they were required to come to them for printing.

Soon after I arrived, that view stopped, it has stopped and we have been enhancing and reinforcing our relationship with clients to simply behave, regardless of this issue as to whether they have to come to us or whether we have some kind of legalistic requirement. It is inappropriate of the GPO today and you will find that our relationship with the clients, simply treat them as clients and customers, and they get all of the advantages, all of the sensitivity and all of the respect that they deserve as clients.

Representative ROBERTS. I have no further questions, Mr. Chairman, but I am going to make an observation or I guess a request of the Printer, in the hope that he would simply take his statement from the record in reference to my simple outstanding proposal on the electronic dissemination of the *Congressional Record*. I liked his statement. Perhaps if you could simply copy that statement and put a little note on it and say, "Dear Pat, I think this is a hell of an idea, Bob," with this enclosed statement in my letter to you of May 8th has still not been answered, or the Chairman's letter to you of May 8th has not been answered. If that were in the file I could proceed accordingly.

Mr. Bates has pointed out we have pending legislation over on the House side, but I think if we take the *Federal Register* and the *Congressional Record*, which obviously are focal points of the GPO and the mission that you have, and of great interest to all concerned, I believe it would be successful. I am not too sure how much interest people have in the *Congressional Record*, but in terms of the *Federal Register*, you had better pay attention to what is in that damn thing or you are not going to stay in business in this country, with all that we put out in terms of the regulatory business that we are in.

But if you start to say we are going to get into the electronic dissemination of the *Register* and the *Record*, do you get attention? Is it the kind of attention that will provide the chairman and the rest of the members of the Joint Committee and you, sir, the kind of support or opposition that we are going to need, if, in fact, we take that step that you so eloquently describe, of getting the GPO into an era of modern technology.

So, I am going to be trying to use the *Record* and the *Register* as the means to get, you know, this pot stirring a little bit. The chairman has been trying to do that for 2 years. So, with that, if you could simply copy your statement and just drop me a little note, why, we can hopefully proceed.

Mr. HOUK. Well, I can do better than that. I was advised this morning that the staff I delegated the analysis to, that report is available and it is ready for my signature and I would be happy to send you a copy of it, in addition to the request you just made.

The CHAIRMAN. "Dear Pat—Sincerely, Bob."

[Laughter.]

Mr. HOUK. I think the Chairman is trying to advise me on something.

Representative ROBERTS. When you are from Dodge City, Kansas, as I am, I am impressed. We have lost our essential air service and

the stage coach does not run, and when I leave Dodge and Miss Kitty says, "Pat, be careful," you know, we are still back in those dark ages. So, if you can get that to me real quick, I would appreciate it.

Mr. HOUK. I would like to comment on your observation about whether GPO management can support this or not support it. I think it is beyond that. The momentum is clear, the train left the station some months ago, and you have either got to get on it or off it, but you are not going to be able to delay it.

The CHAIRMAN. Maybe Dodge will be afforded electricity by that time.

[Laughter.]

Bob, let me ask you to keep this Committee abreast of the changes, as you implement them, as you have. We have had a good line of communication and, as you implement your programs over there, just keep us up to date.

As I said earlier, we may have additional questions and I would like to submit them to you in writing, as Congressman Bates and others may want to do. With the agreement of my colleagues here, the record will be open for 30 days and our staff will see to it that questions are moved pretty fast.

Mr. HOUK. Thank you, Mr. Chairman.

[The questions and answers provided for the record follow:]

August 22, 1990 (88)

Honorable Wendell H. Ford
Chairman Joint Committee on Printing
Room SH-818, Hart Office Building
Washington, DC 20510

Dear Mr. Chairman:

In response to your letter to me of July 20, 1990, I am enclosing my answers to questions submitted for the record in connection with the hearing conducted by the Joint Committee on Printing (JCP) on July 19, 1990.

We are in the process of preparing comments on the General Accounting Office (GAO) draft report on the General Management Review of the Government Printing Office (GPO). I will be pleased to transmit a copy of these comments to the JCP when they are transmitted to the GAO. The due date for submission of the comments is September 4, 1990.

As I have noted in the enclosure, I also will be pleased to provide the JCP with an action plan to address the issues and implement the various recommendations made by the GAO in its report. However, I am not prepared to submit such a plan coincident with the submission of my comments on the draft report. I believe it is important that such a plan be developed and reviewed by my full management team, which as you know will be assembled by next week. Accordingly, and with your permission, I will be prepared to submit such a plan by September 30, 1990, for implementation at the beginning of Fiscal Year 1991.

Once again, I believe that the GAO's findings and recommendations serve a constructive purpose in our efforts to improve the efficiency, effectiveness, and economy of GPO's operations. I look forward to the continued advice and guidance of the JCP in the fulfillment of that goal.

ROBERT W. HOUK,
Public Printer.

RESPONSES FOR THE RECORD

QUESTIONS REGARDING THE GAO GENERAL MANAGEMENT REVIEW

Question: GAO's draft report lays out a process establishing a long-term direction for GPO. What is your reaction to that process? How does it fit with your agenda?

Response: The process set forth by the GAO draft report is a reasonable approach for determining GPO's future. One of the goals and objectives I have established for GPO is to aggressively pursue GPO's future role in the execution of Federal information policy. That approach involves most of the elements proposed by the GAO, including strategic planning and consultation with the Joint Committee on Printing, Congress, Federal agencies, and other interested parties. In addition, I have established a number of management goals and objectives to improve the provision of GPO's products and services. Therefore, the process described by the GAO draft report fits well with the agenda I intend to pursue at GPO.

Question: Can a strategic plan be used to drive your budget decisions in the GPO environment?

Response: Yes. I intend to develop and use the strategic planning process at GPO to establish the short- and long-term direction for GPO. It is absolutely critical that GPO's budget decisions be based on the objectives established by our strategic plan.

Question: GAO's draft report notes that customers have concerns with the extent of information on their bills. What can be done to improve communications with your customers in the billing area?

Response: Problems with GPO's billing and estimating systems are being addressed under the goals and objectives I have established for GPO. The working groups I have established with members of the Interagency Council on Printing and Publications Services and GPO are looking at this area. Based on input received from client agencies, there is a need for more detailed information on GPO's bills, especially for freight charges and surcharges. We are currently in the process of revising our automated systems to provide this information.

A major focus will also be on improving our estimates so that questions about GPO's billings do not emerge later on. We will work on ways to improve our estimating process, including giving agencies a better range of information on the basis for our estimates.

The concept of firm pricing for agency jobs, which we will be looking at, will also help to eliminate agency problems with our bills. With firm pricing, agencies would know well in advance what their bills are going to be.

Question: GAO's draft report suggests the need to hold managers more accountable for their performance. It seems that GPO's operations lend themselves to the development of performance standards. Would you agree? What actions can be done to establish stronger accountability?

Response: I agree that there is a need for such standards. To establish stronger accountability, we can re-write managers' position descriptions and performance standards to include quantifiable standards. We can also look at management-by-objectives, performance planning, and other personnel management techniques for making improvements in this area.

Question: According to GAO, GPO is working almost every weekend at high cost and better scheduling might improve this situation. Do you think there are some opportunities to reduce costs by reducing weekend overtime? Does overtime pay in general constitute a large portion of many workers' total salary?

Response: I agree with GAO that improved scheduling and better coordination with Congress and agencies can reduce the need for weekend overtime. I believe there are opportunities to reduce these costs.

As to whether overtime pay in general constitutes a large portion of many workers' total salary, we are currently reviewing the use of overtime throughout GPO. We have already found that during 1989, approximately 350 employees GPO-wide had overtime pay that was equal to or greater than 30 percent of their base pay. Most of these were in details to Congress, some production areas, and GPO security. We will be acting to correct problems in this area.

Question: According to the GAO data, GPO is experiencing high waste and spoilage. Why? What can be done to reduce the levels?

Response: We are going to be looking into the area of paper waste and spoilage. Certainly the high rates reported by GAO are a cause of great concern to me.

Achieving reductions in waste and spoilage depends on how it is generated. A certain percentage, for example, is due to operator mistakes, as GAO reported. Improved performance standards and more rigorous management oversight will elimi-

nate this. Some spoilage is due to materials handling problems. While many of these problems are unique to the structure and layout of GPO's production facilities, there are still opportunities for dealing with them. Improved job scheduling will eliminate instances of waste when available stocks are used for jobs that have to be printed on short notice, instead of ordering those that would be more suitable. Some waste and spoilage is unique to GPO's operation, given the time constraints and the wide variety of jobs we run. These are not common to most private printing companies, so GPO's waste and spoilage rates will most likely continue to be somewhat higher than private industry averages. There are, however, significant opportunities for decreasing the rates of waste and spoilage reported by GAO, and we intend to pursue them.

Question: What do you feel should be GPO's future role?

Response: GPO's role in printing ink-on-paper products should be maintained into the future. There will always be a need for ink-on-paper products, although we see that need decreasing over time. We believe the current structure for providing Government printing under Title 44 has been demonstrated to be the most cost-effective system for doing this in comparison to the alternative of a highly decentralized system for printing. The cost-inefficiencies reported by GAO in their general management review of GPO can be addressed and corrected under this current structure.

Where electronic information technologies are concerned, I believe GPO should be increasingly involved in the provision of electronic products and services for Congress and Federal agencies, and in making the products and services available for the use of the public through Superintendent of Documents programs.

The precise nature of GPO's role in the future with respect to electronic technologies has yet to be fully worked out. That does not prevent us from establishing and building a track record in this area, however, and indeed we have already taken several significant steps in that direction.

I have already established a major goal for GPO to determine and then aggressively pursue a role in the future of Government information policy. Increasingly, I believe we will need to think of GPO as an information reproducer and disseminator for the Government, rather than as the Government's printer. This broadened concept for GPO contemplates our increasing participation in providing electronic products and services, database processing, and electronic information dissemination.

I agree with the GAO's conclusion that many different parties and interests—including Congress and the JCP, agencies, the information industry, the library and government information user groups, GPO's unions, and others—need to be brought together around a single, unified vision of GPO's future. This is a task we will be pursuing in the coming period.

Question: GPO has recently re-initiated a strategic planning process. What actions will you take to ensure that strategic planning becomes an institutionalized process at GPO?

Response: I believe it is incumbent on GPO to devise a strategic plan to guide product and service provision in the coming years, as well as the subordinate functions of budgeting, workforce planning, capital investment, marketing, and other organizational initiatives. A plan is also necessary to communicate to the Joint Committee on Printing, Congress, Federal agencies, and the public the direction in which GPO is headed and how it plans to get there.

To institutionalize this process, I have made GPO's Office of Planning, which includes the Strategic Planning Division, a unit of the Office of the Public Printer to ensure that it receives an appropriate level of direction in charting GPO's future. I have established a series of goals and objectives for GPO to guide this planning effort. This organization will be properly staffed to ensure that the work involved in converting these goals and objectives into a strategic plan is performed. Finally, the importance of GPO's strategic planning process will be communicated to all GPO managers to assure the integration of planning into management activities, and linkages between planning and operational decision-making will be established.

Question: What methods will you use to ensure that printing contractors provide quality, timely, and economical services to the Federal Government?

Response: The GAO draft report raises several issues that must be addressed, including: (1) improving the timeliness of small purchases; (2) encouraging realistic delivery dates with contractors; (3) improving our information resources on contractor

performance and more adequately integrating that into the process of making awards; and (4) more adequately monitoring contractor ship dates, as well as other issues. We will be reviewing existing procurement procedures for opportunities to implement measures that will eliminate these problems.

Question: GAO's data suggests that over the next 5 years, 40 percent of GPO's current staff will be eligible for retirement. Do you see this as a problem or perhaps an opportunity to re-assess GPO's role for the future?

Response: As I noted during the hearing, I view this as both a problem and an opportunity. In those GPO areas where there is a future in terms of production requirements and technological necessity, retirements that deplete the workforce will be a problem. On the other hand, in those areas in which the future is limited, it will be an opportunity. To deal with this issue, we are going to strengthen our workforce planning function to ensure that there is an optimum allocation of GPO staffing resources in critical production areas, especially those associated with Congressional requirements, and to ensure that emerging technology needs are appropriately staffed.

Question: What priority will be given to staff training and what areas will be emphasized in light of new technology?

Response: One of my objectives is to strengthen training opportunities for GPO's staff in new technology. This is vital to GPO's future. GPO has a good record on training and re-training for new technologies, as demonstrated in the transition from hot metal composition to electronic photocomposition. This is a record that I want to continue.

At the same time, I intend to reduce unnecessary training, as well as the travel associated with it. I am also concentrating more attention on who gets trained and for what purpose, to assure improvement in the allocation of GPO's training budget in this period of continuing fiscal constraint.

Question: How would you describe GPO's ability to provide cost-effective printing services given current plant and equipment limitations?

Response: As the GAO report notes, there are a number of limitations on GPO's plant and equipment. GPO's Central Office plant is housed in aging, multi-storied buildings, requiring continued costs for upgrading and imposing some limitations on materials handling and equipment alignments. Also, some of GPO's equipment is aging, although it is still serviceable.

These problems do not necessarily present insurmountable barriers to providing cost-effective printing services, however. By implementing facilities planning for the more effective use of available space, and by setting priorities for capital investment, we can address these problems. Effective management is the key to the provision of cost-effective printing services. We are currently restructuring the management of GPO to make the provision of such services a reality.

Question: Do you believe GPO treats agency customers differently now than it would if customers could choose between GPO and other means of meeting their printing needs?

Response: To an extent, in the past I think GPO did tend to treat agencies differently than if they had the option to have their printing needs met elsewhere. However, that will not happen now. Just because agencies are required to use GPO does not mean that GPO is relieved of the obligation to provide them with the best, most cost-effective products and services. On the contrary, the structure of Title 44 imposes an additional obligation on us to provide cost-effective, quality, and timely products and services.

As Congress is aware, agencies—and, ultimately, taxpayers—as a whole would be likely to pay far more for their printing in a decentralized system for providing Government printing. After GPO makes the management reforms that are necessary to improve our operations, there will be an even greater distinction between the cost-savings made available through GPO and the cost increases that would occur in a decentralized system of printing.

Question: I know it's a little premature to have specific actions for all of GAO's recommendations yet, so could you put together an action plan for addressing GAO's recommendations and give it to the Committee at the time you give GAO your official comments on their draft report?

Response: The goals and objectives I have established for GPO will address most of the issues raised by the GAO report. I view these goals and objectives as flexible in order to accommodate changing conditions and circumstances. New issues raised by the GAO report, for example, will be incorporated into these goals and objectives.

I would be pleased to provide the Committee with a specific action plan for addressing the GAO's recommendations. However, I am not prepared to submit such a plan coincident with the submission of my comments on the draft report. I believe it is important that such a plan be developed and reviewed by my full management team, the assembly of which will soon be completed. Accordingly, and with the permission of the Joint Committee on Printing, I will be prepared to submit such a plan by September 30, 1990, for implementation at the beginning of Fiscal Year 1991.

Question: GAO's information suggests that your Executive Information System could be a useful management tool if it were improved. Do you agree? What can be done to make it more useful?

Response: I value the concept of an Executive Information System (EIS). In that respect, I am going to retain GPO's EIS although, as GAO recommended, it will be improved.

GPO's EIS can be improved by making it more timely, more user friendly, and by making it more interactive, so that the user can manipulate the data contained in the system to produce answers to questions posed by alternative management scenarios. Also, there are opportunities to train GPO's managers to make more effective use of this system and other automated information tools. It should be pointed out that the EIS is not GPO's only management information system. There are many sources of information that a good manager can and should utilize. Given the significant investment in the EIS to date, however, I prefer to make an effort to improve it rather than terminating it.

Questions Regarding GAO Review of GPO Cash Management Practices

Question: Let's begin with this $1 million resulting from undeposited collections. Have these funds been stolen or lost, or is this an accounting problem?

Response: No funds have been stolen or lost. The amount reported by GAO instead reflected a difference between how GAO and GPO counted the undeposited funds under existing Treasury Department regulations. Either procedure is in compliance with the regulations.

It is normal GPO operating procedure to report as undeposited collections only those funds that are ready for next-day's pick-up for deposit. When GAO conducted this review, however, it also counted money in unopened and unprocessed mail in addition to estimating the value of unopened mail at GPO's Pueblo office. There was a large backlog of unopened mail at the time the GAO review was conducted. Despite the backlog, GAO stated that this unopened mail is subject to reasonable control procedures because it is logged in and locked in a safe when not being processed.

GPO has adopted new procedures to eliminate the accumulation of unprocessed mail backlogs to deal with the problem of undeposited collections. Also, we have, with GAO's concurrence, agreed to account for all undeposited funds for reporting purposes in our annual report.

Question: What is the basic source of this problem—insufficient personnel, inadequate management, or general laxity?

Response: The basic source of this problem was insufficient staff resources to process periodic mail backlogs containing payments to GPO. We now utilize personnel from other areas to keep the backlog down to current day's receipts.

Question: Have any disciplinary actions been taken concerning these failures to deposit collected funds? If not, why not?

Response: No disciplinary actions were taken because there was no loss of funds to the Government, only a concern pertaining to the timing and reporting of deposits.

Question: How do you generally explain these various other management failures mentioned in the GAO letter—the 10-year failure of the General Accounting Branch

to reconcile Treasury-SupDocs deposits or the failure of GPO to have adequate documentation on cash reconciliations?

Response: The failure to reconcile and document Superintendent of Documents' deposits completely on a regular basis was the result of insufficient staff resources and a low priority placed on this operation by management. Since the GAO letter was issued, a higher priority has been assigned to this task and over 50 percent of the difference has been researched and cleared from the Treasury suspense account.

Question: Why doesn't and when will GPO have written procedures on the cash reconciliation process?

Response: After the GAO letter was issued, GPO established procedures that incorporate the Treasury Department's *Treasury Financial Manual* Supplement entitled "Reconcilable Differences." Additionally, several employees have received Treasury Department training in reconciling the cash account since the GAO's review.

August 28, 1990

Mr. John Chambers
Staff Director
Joint Committee on Printing

Dear Mr. Chambers:

In response to your July 31, 1990 letter requesting additional information for Senator Ted Stevens, we met with GPO officials and analyzed data to answer questions about the age of equipment and reported levels of idle time and waste and spoilage. We also looked at weekend overtime and the question of whether altered schedule demands from Congress would reduce overtime costs at GPO. Senator Stevens' questions and the information we obtained follow.

1. What is the relationship between the age of GPO's equipment and the amount of idle time it reported for fiscal year 1989?

Our analysis of available data showed little correlation between the age of equipment and the amount of idle time GPO reported for fiscal year 1989. For example,

— Presses were reported idle about 50 percent of the time in both the oldest and newest machine groups in the Letterpress Section.

—Ten year old equipment in the Offset Press area was idle 28 percent of the time, while presses that were 15 years old were reported idle nearly 3 times as often.

—Two of the oldest machine groups in the Bindery were busy continuously, while equipment in two of the newer machine groups was reported idle 66 and 96 percent of the time.

2. Does the age of GPO's equipment contribute to the amount of waste and spoilage reported in fiscal year 1989? If so, how?

GPO does not collect information on waste and spoilage by machine group or location, therefore we were unable to compare the age of equipment with reported levels of waste and spoilage for fiscal year 1989. However, GPO officials in Production and Quality Control said that the age of equipment was one of the factors that contributes to high levels of waste and spoilage. Also, they said that reported levels were much higher than they would have liked them to be.

Other factors cited by GPO officials included the skill level of the workforce, materials handling problems, and an increasing number of low volume jobs. In addition, GPO officials said that press changes in response to changing workload demands, equipment maintenance, and paper and product quality also influence the amount of waste and spoilage.

3. Would altered production scheduling demands from Congress help reduce the need for weekend overtime at GPO?

GPO managers said that they work weekends to address the high priority needs of Congress and indicated in recent interviews that revisions to scheduled work could limit the need for weekend work. However, our analysis of GPO fiscal year 1989 scheduling, production, and delivery data showed that many congressional products could have been delivered without weekend work and that idle time existed in GPO's in-house plant during the regular workweek. These factors suggest that GPO could reduce weekend overtime through better scheduling practices, including realigning the existing workflow to better use the Monday through Friday workweek.

In his testimony before the JCP, Public Printer Houk expressed his great concern about the use of weekend overtime and the need to reduce this cost which is passed on to GPO's customers in Congress, the federal agencies, and the public. He said that GPO plans "to address opportunities for smoothing the workflow . . ., encourage realistic delivery estimates for the work, [and] explore the potential for limiting priority work for in-house production through improved scheduling."

It should be kept in mind that future changes in congressional and agency demand will also have an impact on the way that GPO schedules its work. For example, Congressman Roberts noted in the July 19th hearing that efforts to automate the *Congressional Record* would change daily operations. While we believe that GPO should first look at ways to improve its current scheduling practices, we also encourage GPO to look at new ways of doing business that would assist it in better managing its workload in the future.

Sincerely yours,

J. WILLIAM GADSBY.
Director, Federal Management Issues.

The CHAIRMAN. If there is no further business to come before the committee, we stand adjourned.

[Whereupon, at 11:42 a.m., the committee was adjourned.]

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